I also supported another measure to improve the railroad retirement system by, first, reducing the eligibility age of widows from 65 to 60; second, increasing earned income limitation of annuitant from $75 to $100 per month; third, permitting a totally and permanently disabled child and his widowed mother to receive benefits after child reaches age 18; and, fourth, increasing from $300 to $350 maximum compensation taxable and creditable for both railroad retirement and unemployment insurance.

MINING

In a State such as Nevada, where mining is an important part of our economy, it has been distressing to witness the trend during the past several decades which has favored foreign operators to the detriment of American producers. Our Government has in the past spent millions of dollars in other countries to develop mines operated by low-cost foreign labor.

I am pleased to report a change in this philosophy, which resulted in boom towns in foreign countries and ghost towns in the West. Although trade with foreign countries is important in a sound foreign policy, it is impossible to defend the past policy which made us dependent on foreign sources for minerals necessary to our national security.

At long last, Congress this year quite properly halted the appropriation of American funds to develop foreign mines. I am hopeful that the future will see even more vigorous steps taken to protect our own mining industry, particularly in the field of strategic minerals; thereby not only strengthening our security program but stabilizing our economy as well.

VETERANS

I joined with my colleagues in voting for a number of bills on matters of real concern to veterans and their dependents. This year legislation was passed, first, giving Korean veterans homestead rights similar to those given to veterans of other wars; second, extending the period in which disabled veterans of World War II and the Korean war can secure vocational education; third, extending the direct home-loan program to June 30, 1955, and authorizing an additional $150 million of loans by that date; fourth, increasing rates of compensation and pensions payable to veterans and their dependents; fifth, providing for a record number of beds for veterans' medical treatment; and, sixth, providing for automatic renewal of Government and national service life insurance.

FEDERAL EMPLOYEES

As a result of inflation, the average civilian Federal employee is today economically worse off than prior to World War II. Thus it is difficult to recruit or retain competent employees to conduct the business of the United States Government.

While the burden of increasing prices has been eased, Government employees are entitled to wage increases in order to give them parity with their pre-World War II economic position.

I therefore supported legislation this year providing pay increases to postal workers and classified civil-service employees.

HOUSING

As a result of the Housing Act of 1954, our Nation will be able to raise housing standards, assist communities in getting rid of slums, help more of our people to acquire homes, strengthen our mortgage credit system, and eliminate past abuses in the housing program.

The new law will stimulate the Nation's entire economy, particularly the construction industry, which is important to many of my constituents.

Under the new act it will be possible to buy homes under FHA-insured loans with much lower down payments. For example, on a $10,000 new home a buyer previously had to make a down payment of $1,250. This has been reduced to only $700.

EDUCATION AND SCHOOLS

The 83d Congress continued the program of Federal assistance for school construction in defense areas, and in other communities which have grown abnormally because of Federal activities. Similar aid was granted for school operating expenses in federally impacted areas. Legislation was enacted to permit expanded use of surplus foods in the school-lunch program.

In addition to providing for these immediate needs, the Congress authorized a comprehensive study and analysis of our Nation's education problems to determine what must be done to provide for a stronger educational system capable of meeting the challenges posed by the atomic age. There will probably be a strong effort in the next Congress to improve educational standards.

Mr. Speaker, time does not permit full discussion of each and every bill considered by the 2d session of the 83d Congress. However, I feel certain that the people in Nevada will be interested in this part of the record.

SENATE

FRIDAY, AUGUST 13, 1954

(Legislative day of Thursday, August 5, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Rev. Dr. Joseph F. Thorning, pastor of St. Joseph's Church, Carrolltown Manor, Md., offered the following prayer:

Heavenly Father, author of light and of love, let the light of Thy countenance shine brightly upon the Presiding Officer of the Senate and all the Members of the United States Congress; strengthen, we beseech Thee, dear Saviour, the ties of devotion and loyalty among all who dwell in the Western Hemisphere; preserve us in the enjoyment of our freedom and in the ways of righteousness toward our neighbors; make us mindful of the sufferings of our brothers under God throughout the world, and grant us the courage to see that our own destiny will be decided in the light of our zeal for truth and fairness.

We implore these graces in the name of Christ, our Redeemer. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
Washington, D. C., August 13, 1954.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. EDWARD D. CRIPPA, a Senator from the State of Wyoming, to perform the duties of the Chair during my absence.

STYLES BRIDGES,
President pro tempore.

Mr. CRIPPA thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 12, 1954, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the bill (S. 3816) to authorize the replacement of certain Government-owned utility facilities at Glacier National Park, Mont., and Grand Canyon National Park, Ariz.

The message also announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 45. An act for the relief of Mrs. Merle Cappeller Weyel;

S. 820. An act for the relief of the estate of Carlos M. Cochran;

S. 2156. An act for the relief of John Enepekides, his wife, Anna, and his son, George; and

S. 3064. An act for the relief of the estate of Mary Beaton Denninger, deceased.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 1190. An act for the relief of Rene Rachell Luyse Kubicek;

H. R. 1553. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes;

H. R. 2030. An act for the relief of Dr. Reuben Rapaport;

H. R. 5844. An act for the relief of George D. Hopper;

H. R. 5964. An act for the relief of Sister Mary Berarda;

H. R. 6790. An act to amend the act of October 15, 1949, with respect to the rate of

compensation of the Chairman of the Council of Economic Advisors;

H. R. 7362. An act for the relief of Frederick F. Gaskin;

H. R. 7717. An act for the relief of Joseph H. Washburn;

H. R. 8215. An act for the relief of Regina Berg Vomberg, and her children, Wilma and Helga Vomberg;

H. R. 8261. An act for the relief of Fay Jeannette Lee;

H. R. 8651. An act to provide for the adjustment of tolls to be charged by the Wayland Special Road District No. 1 of Clark County, Mo., in the maintenance and operation of a toll bridge across the Des Moines River at or near St. Francisville, Mo.;

H. R. 8994. An act for the relief of Harold C. Nelson and Dewey L. Young; and

H. R. 9790. An act to amend the act of June 30, 1948, so as to extend for 1 year the authority of the Secretary of the Interior to issue patents for certain public lands in Monroe County, Mich., held under color of title.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. BRICKER was excused from attendance on the session of the Senate tomorrow.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ervin	Lehman
Barrett	George	Mansfield
Bennett	Gillette	Martin
Bowring	Gore	McCarran
Bricker	Green	Monroney
Burke	Holland	Murray
Carlson	Johnson, Colo.	Reynolds
Clements	Johnson, Tex.	Robertson
Cooper	Johnston, S. C.	Schoeppel
Crippa	Kilgore	Thye
Ellender	Knowland	Young

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on official business.

The Senator from Alabama [Mr. SPARKMAN] is necessarily absent.

The ACTING PRESIDENT pro temport. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The Sergeant at Arms is directed to execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BEALL, Mr. BUSH, Mr. BUTLER, Mr. BYRD, Mr. CASE, Mr. CHAVEZ, Mr. CORDON, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. FERGUSON, Mr. FREAR, Mr. FULBRIGHT, Mr. GOLDWATER, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HILL, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. KEFAUVER, Mr. KENNEDY, Mr. KERR, Mr. KUCHEL, Mr. LANGER, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MAYBANK, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MILLIKIN, Mr. MORSE, Mr. MUNDT, Mr. NEELY, Mr. PASTORE, Mr. PAYNE, Mr. POTTER, Mr. PURTELL, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. STENNIS, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, Mr. WILEY, and Mr. WILLIAMS entered the Chamber and answered to their names.

The ACTING PRESIDENT pro tempore. A quorum is present.

Morning business is in order, under the 2-minute limitation on speeches.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON SPECIAL ASSISTANTS EMPLOYED BY DEPARTMENT OF JUSTICE

A letter from the Attorney General, transmitting, pursuant to law, a report showing the number of Special Assistants employed by the Department of Justice, for the period January 1 to June 30, 1954 (with an accompanying report); to the Committee on Appropriations.

REPORT ON TORT CLAIMS PAID BY CANAL ZONE GOVERNMENT

A letter from the Governor, Canal Zone government, Balboa Heights, C. Z., transmitting, pursuant to law, a report on tort claims paid by that government, for the period July 1, 1953, to June 30, 1954 (with an accompanying report); to the Committee on the Judiciary.

FEDERAL AID TO LOCAL REHABILITATION CENTERS—RESOLUTION OF COMMON COUNCIL OF CITY OF MILWAUKEE, WIS.

Mr. WILEY. Mr. President, I present a resolution adopted by the Common Council of the City of Milwaukee, Wis., which was sent to me by the city clerk, relative to the proposed establishment of federally aided local rehabilitation centers. I ask unanimous consent that the resolution be printed in the body of the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Resolution memorializing Congress on the passage of bill to aid handicapped persons through establishment of federally aided local rehabilitation centers

Whereas President Eisenhower's humanitarian bill to aid the handicapped throughout the Nation has been recently passed by unanimous vote of both Houses of Congress; and

Whereas this bill aims to increase the number of persons needing rehabilitation from the 60,000 now being reached, to 250,000 disabled persons per year, under a new legislative program wherein the Federal Government will meet two-thirds of the cost involved, with the State or local group concerned meeting the remainder in the setting up of these rehabilitation centers as provided for in this measure; and

Whereas here in Milwaukee, notwithstanding the city's better than average rehabilitation facilities, the need for such a Federal-Milwaukee supported medical rehabilitation center is imperative in order that the thousands of disabled persons in this area who would receive aid through no other medium will be helped: Therefore be it

Resolved by the Common Council of the City of Milwaukee, That it hereby goes on record as fully supporting President Eisenhower's recently passed bill to aid the handicapped through the establishment of federally aided local rehabilitation centers, and that it memorializes the honorable Congress of these United States on its excellent position and approach to the solution of this national problem.

WILDLIFE PRESERVATION — RESOLUTIONS OF ASSOCIATION OF MIDWEST FISH AND GAME COMMISSIONERS, ST. LOUIS, MO.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have two resolutions adopted at the recent annual convention of the Association of Midwest Fish and Game Commissioners at St. Louis, Mo., printed in the body of the RECORD and appropriately referred. These resolutions are the expressions of concern by a distinguished group of conservationists in America over developments in the field of wildlife preservation. I share those concerns and urge greater vigilance on the part of the Congress in protecting our vital national heritage.

There being no objection, the resolutions were referred to the Committee on Interstate and Foreign Commerce and ordered to be printed in the RECORD, as follows:

RESOLUTION 2—USE OF THE DUCK STAMP FUND

(Adopted by the Association of Midwest Fish and Game Commissioners, 21st annual conference, St. Louis, Mo., July 8, 1954)

Whereas financial statements of the Fish and Wildlife Service have brought to the attention of this association that the duck stamp funds are not and have not been spent entirely in accordance with congressional intent for the purchase of waterfowl land acquisitions; and

Whereas additional wet lands are being drained by private landowners with Federal financial assistance and additional waterfowl habitat is being eliminated by the drainage of marshes by Federal construction agencies; and

Whereas it is essential to maintain suitable waterfowl habitat if production of a harvestable surplus is to be maintained: Now, therefore, be it

Resolved, That the Association of Midwest Fish and Game Commissioners go on record as being unalterably opposed to any policy which prohibits or limits the purchase of additional wet lands for waterfowl habitat by the United States Fish and Wildlife Service; be it further

Resolved, That we recommend to the Congress and to the Fish and Wildlife Service

that an accelerated refuge acquisition program be launched, using the greater portion of the duck stamp money to purchase new areas where the needs are apparent along flyways. We oppose the expenditure of duck stamp funds for administrative purposes or for the normal operating functions of the United States Fish and Wildlife Service, for which appropriations from the General Treasury have been made in the past. We further urge that Congress study these expenditures and make the needed appropriations to the Fish and Wildlife Service to take care of their administrative and operating expense in order that the duck stamp funds may be used primarily for the acquisition of lands and water areas and to bring to completion the refuge programs as provided by law in the Norbeck-Andersen Act of 1929 and the Duck Stamp Act of 1934; be it further

Resolved, That in the event this request for the expenditure of duck stamp funds for acquisition and restoration of additional waterfowl habitat goes unheeded that this association recommend the enactment of legislation in the National Congress designed to return to the States all funds collected under the Duck Stamp Act of 1934 and subsequent amendments on the basis of a formula which would earmark these funds solely for wet-land acquisition, preservation, and restoration.

RESOLUTION 6

(Adopted by the Association of Midwest Fish and Game Commissioners 21st Annual Conference, St. Louis, Mo., July 8, 1954)

Whereas there has been adopted by the United States Department of the Interior a joint policy under order No. 2744, which order provides that the Bureau of Reclamation and the Army engineers shall acquire in fee simple only those lands which are absolutely necessary for reclamation purposes, and specifically provides in section 6 that no title to land will be acquired for purposes of preservation of wildlife or forests, restoration or replacement of such values destroyed by reservoirs, or for creating additional values of like nature or for recreational purposes; and

Whereas such policy represents abandonment by the Department of the Interior of its historic and legal obligation to safeguard wildlife and recreational resources; and

Whereas such a shortsighted policy makes all reclamation and flood-control projects which might be extremely valuable for recreational purposes subject to control and exploitation; and

Whereas such policy is in direct contradiction to the intent and purpose of Public Law 732, commonly known as the coordination act; and

Whereas such policy is not in the general public interest because of failure to provide adequate parking and recreational use for the general public; and

Whereas such planned acquisition policy fails to recognize the value of recreation and wildlife as an important part of multipurpose reclamation projects: Now, therefore, be it

Resolved, That the Association of Midwest Fish and Game Commissioners go on record as being unalterably opposed to this expressed policy; be it further

Resolved, That the Secretary of Interior and Members of Congress be so notified and every effort be made to alter such policy to meet the public need for proper wildlife and recreational value as a part of Federal reclamation and flood-control projects.

REPORTS OF A COMMITTEE

The following reports of a committee was submitted:

By Mr. DWORSHAK, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 8859. A bill to convey the reversionary interest of the United States in certain lands to the city of Pawnee, Okla. (Rept. No. 2485).

By Mr. KUCHEL, from the Committee on Interior and Insular Affairs, with amendments:

H. R. 8009. A bill to provide for the hospitalization and care of the mentally ill of Alaska, and for other purposes (Rept. No. 2486).

BILLS AND A JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JENNER:

S. 3863. A bill for the relief of Peter Skole; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 3864. A bill for the relief of Loren E. Thompson; to the Committee on the Judiciary.

By Mr. LEHMAN:

S. 3865. A bill for the relief of Martino Palmeri; to the Committee on the Judiciary.

By Mr. BEALL:

S. 3866. A bill for the relief of Matrona G. Karpuk; to the Committee on the Judiciary.

By Mr. KNOWLAND:

S. 3867. A bill for the relief of Mr. Dello A. Loo Margas and Mrs. Dello A. Loo Margas; to the Committee on the Judiciary.

S. J. Res. 184. Joint resolution to amend the Atomic Energy Act of 1946, as amended; to the Joint Committee on Atomic Energy.

EXCUSING GOVERNMENT EMPLOYEES TO ATTEND PARADE OF AMERICAN LEGION ON AUGUST 31, 1954

Mr. JOHNSTON of South Carolina submitted the following concurrent resolution (S. Con. Res. 105), which was referred to the Committee on Post Office and Civil Service:

Whereas the parade of the National Convention of the American Legion will be held in the District of Columbia on the afternoon of August 31, 1954; and

Whereas it has been the practice in connection with similar events in the past to excuse employees of the Government in order that they may attend such events: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that all officers and employees of the departments, establishments, and agencies of the Government, including the municipal government of the District of Columbia, who are employed in the metropolitan area of the District of Columbia and whose services can be spared, should be excused from duty on the afternoon of August 31, 1954, without loss of pay or charge to annual leave, in order that they may attend the parade to be held in connection with the National Convention of the American Legion.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles, and referred, or placed on the calendar, as indicated:

H. R. 1190. An act for the relief of Rene Rachell Luyse Kubicek;

H. R. 2030. An act for the relief of Dr. Reuben Rapaport;

H. R. 5844. An act for the relief of George D. Hopper;

H. R. 5964. An act for the relief of Sister Mary Berarda;

H. R. 7362. An act for the relief of Frederick F. Gaskin;

H. R. 7717. An act for the relief of Joseph H. Washburn;

H. R. 8215. An act for the relief of Regina Berg Vomberg, and her children, Wilma and Helga Vomberg;

H. R. 8261. An act for the relief of Fay Jeannette Lee; and

H. R. 8994. An act for the relief of Harold C. Nelson and Dewey L. Young; to the Committee on the Judiciary.

H. R. 1553. An act to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes; and

H. R. 6790. An act to amend the act of October 15, 1949, with respect to the rate of compensation of the Chairman of the Council of Economic Advisors; to the Committee on Post Office and Civil Service.

H. R. 8651. An act to provide for the adjustment of tolls to be charged by the Wayland special road district No. 1 of Clark County, Mo., in the maintenance and operation of a toll bridge across the Des Moines River at or near St. Francisville, Mo.; to the Committee on Public Works.

H. R. 9790. An act to amend the act of June 30, 1948, so as to extend for 1 year the authority of the Secretary of the Interior to issue patents for certain public lands in Monroe County, Mich., held under color of title; placed on the calendar.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO MUTUAL SECURITY APPROPRIATION BILL

Mr. McCARRAN submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 10051) making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes, the following amendment, namely: On page 14, line 8, strike out section 108 and insert the following:

"SEC. 108. Fifty-five million dollars of the unobligated balances continued available under this act shall be available only for the procurement and sale, in accordance with provisions of section 402 of the Mutual Security Act of 1954, of surplus agricultural commodities as assistance to Spain during the current fiscal year: *Provided,* That the limitations on obligation of military assistance funds during fiscal year 1955 shall not apply to such assistance: *Provided further,* That 95 percent of the foreign currencies generated hereunder shall be used to strengthen and improve the civilian economy of Spain, the balance to be available for use of the United States."

Mr. McCARRAN also submitted an amendment intended to be proposed by him to House bill 10051, making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

RECORD OF SENATOR WILEY IN 83D CONGRESS

Mr. WILEY. Mr. President, I ask unanimous consent that there be printed

in the final edition of the CONGRESSIONAL RECORD for the 83d Congress, a summary of my activities during these 2 sessions.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

CHALLENGES AT HOME AND ABROAD TO AMERICA

Mr. WILEY. Mr. President, I ask unanimous consent that in the final edition of the CONGRESSIONAL RECORD there be printed material which I am now preparing on the theme of challenges to the United States at home and abroad.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

STUDY ENTITLED "NEW OUTLETS FOR WHEAT" — INTRODUCTORY ADDRESS BY SENATOR HUMPHREY (S. DOC. NO. 154)

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a most significant study, "New Outlets for Wheat" including a practical solution to a very grave and urgent world problem be printed as a Senate document together with an introduction by me in the form of an address.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

VALIDATION OF CERTAIN PAYMENTS FOR ACCRUED LEAVE

Mr. SALTONSTALL. Mr. President, I have spoken to the majority leader and the minority leader, and should like to call up at this time the House amendments to Senate bill 22.

The ACTING PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 22) to validate certain payments for accrued leave made to members of the Armed Forces who accepted discharges for the purpose of immediate reenlistment for an indefinite period, which were, on page 1, strike out all after line 9 over to and including line 11 on page 2; and on page 2, line 12, strike out "(c)" and insert "(b)."

Mr. SALTONSTALL. Mr. President, I hope the Senate will accept the amendments of the House. It is a very small bill which involves validating the accrued leave pay of several members of the Armed Forces in 1946. The House has eliminated the second section of the bill which is no longer needed because of further information sent to us by the Defense Department.

I move that the Senate concur in the House amendments.

Mr. JOHNSON of Texas. Mr. President, the distinguished chairman of the Armed Services Committee has discussed the subject with me. I think it is proper procedure, and I think the Senate should concur in the House amendments.

The ACTING PRESIDENT pro tempore. The question is on the motion of the Senator from Massachusetts [Mr. SALTONSTALL].

The motion was agreed to.

FIFTY-SIXTH ANNIVERSARY OF THE CAPTURE OF THE CITY OF MANILA BY AMERICAN SOLDIERS

Mr. MARTIN. Mr. President, today is the 56th anniversary of the historic event in the glorious record of American military achievement. Fifty-six years ago the city of Manila was captured by American soldiers, bringing to an end 300 years of Spanish rule in the Philippines.

The capture of Manila may not be listed as a great, decisive military engagement, but its importance can be measured in the light of subsequent world history.

When the American troops marched into the walled city of Manila, with bands playing and colors flying, the United States took its place as a world power. We gained new prestige among the Nations of the world, and at the same time assumed obligations of far-reaching consequence.

Two weeks before Manila fell my old outfit, the 10th Pennsylvania, received its baptism of fire—the first American troops to be fired on in the Philippines. Fighting in a raging typhoon, the Pennsylvania boys met and repulsed a superior force of Spanish regulars, veterans of many years of battle experience.

The old Eighth Army Corps had as its commanders such outstanding American military leaders as Merritt, Anderson, Otis, the elder MacArthur, and many others.

Every man who served in the Spanish-American War was a volunteer. It was the last armed conflict in American history in which every participant volunteered his services.

On this anniversary it may be of interest to recall the units that fought in the Philippines a half century ago. They were: Astor Battery, 1st California, California Heavy Artillery, 1st Colorado, 1st Idaho, 51st Iowa, 20th Kansas, 13th Minnesota, 1st Montana, 1st Nebraska, Nevada Cavalry, 1st North Dakota, 2d Oregon, 10th Pennsylvania, 1st South Dakota, 1st Tennessee, Utah Light Artillery, 1st Washington, and 1st Wyoming.

CHARGES AGAINST SENATOR McCARTHY

Mr. McCARRAN. Mr. President, Mr. David Lawrence, the dean of American columnists and editors, frequently writes an article of unusual merit. One such article by Mr. Lawrence, dealing with the McCarthy case appeared under date of August 4. I ask unanimous consent that the text of this article, which is not long, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of August 6, 1954]

SENATE VIEWED AS TRYING McCARTHY FOR HIS OPINIONS

(By David Lawrence)

WASHINGTON, August 4.—An unprecedented challenge to constitutionalism—and one that can curtail the right of a Member of Congress hereafter to express freely and without fear of intimidation his views on public questions—has been projected by the vote of the Senate to create a special committee of six to consider certain charges made by other Senators against Senator McCARTHY.

The issue is not whether what the Wisconsin Senator has said in his speeches about General Marshall or anyone else was or was not meritorious, but whether the Senate is about to try a United States Senator for conduct which it has never heretofore proscribed as a violation of its rules.

The Supreme Court of the United States has set aside as unconstitutional many a law passed by Congress because it did not specify standards for the application of the law in question.

What are the standards by which the new Senate committee is to judge the conduct of the Wisconsin Senator, and can a rule be applied now which refers to acts allegedly committed before the rule was ever adopted?

If it be ethics that now are to be defined, there is the charge that Senator McCARTHY received a fee for the preparation of a book on housing of veterans, published by a housing company. Senator FULBRIGHT says the fee was not paid for comparable services. Then what shall be said of those Senators who—as Senator KNOWLAND pointed out in the debate—have received fees for public speaking in excess of those normally paid? Also, what of the fact that labor unions, trade associations, and corporations having business with the Congress paid out such huge fees to Members of Congress?

ROOSEVELT'S ETHICS QUESTIONED

If it be unethical for a Senator to accept a fee for writing a book derived from information received from his own committee or from executive agencies of the Government, what shall be said of the ethics of the late President Franklin D. Roosevelt, who, while he was in the White House, had published for private profit and put a personal copyright on information that belonged to the Government of the United States? Thus, the transcripts of press conferences from 1933 to 1940—which the newspapermen of America were forbidden to quote in the first person—were published for gain, and the copyright which Mr. Roosevelt held has prevented the press from reprinting all those transcripts as a matter of right, and it can be done today only with the permission of the book publisher.

Mr. Roosevelt, in the foreword, extended thanks to the members of the Cabinet and heads of other agencies and others who have assisted in the gathering of this material in the various departments of the Government and in the executive offices in the White House.

Is that a standard for a Senator, too? And should any Member of Congress receive outside income—from private law practice for example—while he is in office? There is no rule on this, either.

Shall Members of Congress accept compensation for articles they write for publication in newspapers or periodicals while, as always, there is under consideration legislation to increase second-class postal rates?

Shall Members of Congress vote on any measure affecting any constituent who has contributed substantial sums to his campaign fund? Should he disclose his own investments and disqualify himself from voting on any issue directly or indirectly affecting his personal property?

ON THE RELEASE OF SECRETS

As for making classified information public, what is the rule or standard? Is it a matter for censure when one Senator makes it public and no violation when another does? Not long ago a western Senator on television told facts about the hydrogen bomb which were supposed to be top secret. Should he have been censured for that? If so, where is the rule which says that a member of the coordinate branch of the Government is not authorized to use any information which he deems in the public interest?

Again, it has been charged that the Wisconsin Senator urged Federal employees to violate their oaths and the law by encouraging them to give him information which, it has been argued, they should not transmit. Conceding that a Federal employee should be fired for doing it—and maybe, if he suspects corruption or treason, he may feel justified in risking his job for the public welfare—is there any rule of conduct by either house of Congress which says the Members cannot use in hearings information of any kind which they receive? If so, it hasn't been written yet anywhere in the rules.

The case is parallel to the action of the late President Roosevelt when he wrote a letter to a committee chairman in the House and urged that the Guffey Coal Act be passed irrespective of any doubts which Members might have as to the constitutionality of that bill. Was this asking Members of Congress to violate the oaths in which they promised "to support the Constitution," and, if not, is it any different conduct from that which is charged against the Wisconsin Senator?

ONE CHARGE BLOWS UP

One of the charges now has blown up in the faces of the accusers—the Army has just suspended for the second time Annie Lee Moss, who Senator McCARTHY charged was a Communist, and this time it is stated some new information has been uncovered by the FBI. Supposing the resolution of censure for his having made the charge in the Moss case had passed the Senate when the anti-McCarthy Senators were pressing for a vote last week—would they today be revoking their action? Could they undo the damage done the Wisconsin Senator by such a resolution of censure impugning his integrity and his fidelity to his duty, as he sees it, in trying to rid the Government of Communists?

The select committee of Senators can make a report promptly and briefly—namely, that it cannot try Senator McCARTHY because there are no rules of conduct covering his speeches or alleged attitudes in his committee hearings and that, if there are to be rules, then all Members should be subject to them hereafter and not retroactively.

SUPPRESSION AND DENIAL OF HUMAN RIGHTS BY THE INTERNATIONAL COMMUNIST CONSPIRACY

Mr. McCARRAN. Mr. President, one of the outstanding anti-Communist lawyers in the United States today is Mr. Charles S. Rhyne, of Washington, D. C., bar, who is outstanding in other respects also.

At the International Bar Association conference in Monte Carlo, Monaco, to which he was a delegate, Mr. Rhyne delivered an address on July 23 of this year, on the subject of suppression and denial of human rights by the international Communist conspiracy, through destruction of the traditional role of lawyers.

Information which has reached me indicates that Mr. Rhyne's address caused something of a furore at the conference. Surprisingly enough—or perhaps it is not so surprising—it appears that some of those who attended the conference from the United States were among those who felt that Mr. Rhyne had made a mistake in speaking out against communism at this international conference. I want to say, Mr. President, that I think most of the Members of this body, and the vast majority of the bar of the United States, as well as of the people of the United States, will agree with me that Mr. Rhyne made no mistake, and that those who would have had him keep still and not voice his convictions, for fear of hurting the feelings of some friend or friends of communism, were the ones who were mistaken.

Not only because of the circumstances under which Mr. Rhyne's address was delivered, but also because the address itself is worthy of the widest possible distribution in this country, I ask unanimous consent that the text of the address Mr. Charles Rhyne delivered at Monte Carlo on July 23 before the International Bar Association conference may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SUPPRESSION AND DENIAL OF HUMAN RIGHTS BY THE INTERNATIONAL COMMUNIST CONSPIRACY THROUGH DESTRUCTION OF THE TRADITIONAL ROLE OF LAWYERS

(By Charles S. Rhyne, Washington, D. C.; delivered before the International Bar Association conference, July 23, 1954, in Monte Carlo, Monaco)

The function of the International Bar Association in this field would seem to be an evaluation of the status of individual human rights throughout the world. And, of course, the main emphasis must be upon the role of law and the lawyer in this important field.

In carrying out this evaluation, we can immediately divide the peoples on earth into two large groups, i. e., those people living in the free world and those forced to live behind the Iron Curtain.

In the free world, God-given human rights of the individual citizen are respected by governments and vigorously defended by the legal profession. The individual is protected by constitutional guarantees of freedom of speech, assembly, press, fair and uniform due process of law and all the other human rights with which we, as lawyers, are so familiar. For it has been, and is now, our task to stand between the individual and Government and to protect these human rights of the individual against arbitrary governmental action or governmental accusation. We lawyers of the free world have in common our training and tradition of carrying out this high function.

Turning to the facts with regard to individual human rights and the function of law and lawyers behind the Iron Curtain, we find the most shocking record in all world history of wholesale, systematic denial, suppression and destruction of human rights of the individual. In fact, the average citizen of Communist-controlled states has few rights. Those he does have are often violated. Soviet lawyers owe their first duty to the State—not to their client. Communism has prostituted the God-given human rights of man to those of an all-powerful State. The very nature of the role of the function of what is called "law" under the Communist system makes difficult the Soviet citizen's path toward being law abiding. And the role of the lawyer is so controlled and curtailed as to destroy his traditional functions.

I feel that we as lawyers should pause to collect the facts and to consider the role of the lawyer in the free world and his role behind the Iron Curtain in this vital field of human rights. Only in this way do we face up to the vast difference which exists. For example, lawyers who go to the trouble of informing themselves know that in the drifting quicksands of the Soviet system, what is legal today is suddenly illegal tomorrow. Written constitutional provisions may be stripped of all meaning by a Communist Party decision. Many activities and kinds of initiative, which in the free world find honest expression in an atmosphere of freedom, in the U. S. S. R. of necessity take clandestine, degrading, and demoralizing forms. Soviet citizens live constantly under the threat of violating law or party regulation. These are things which should be brought to the attention of the people in the free world by lawyers. The legal profession is peculiarly equipped to collect the facts and present this picture to the people of the free world.

Under the Soviet system, the individual must always play a secondary role to the interests of the State. Within the courts, the individual's rights stand second to what are deemed the interests of the State and party. The courts themselves are regarded primarily as a means for educating the masses, not as instruments created for the purpose of dispensing impartial justice as in the free world. They are subservient to the party. And as adjuncts of the State, judges are strictly guided by party policy.

The Soviet regime has not abolished all law as the party program of 1917 propounded. A large body of so-called law necessitated by the peculiarities of the Soviet system has been developed. This body of law is largely expressed in the verbiage of that existing in the free world. But it has a vastly different meaning as it functions in the Soviet world. As in so many other cases, the concepts of a democracy have been subverted beyond recognition by Communist interpretation. The U. S. S. R. Constitution is mere window dressing. And the majority of its provisions are openly and continuously flouted by the Communist Party government.

Unprotected in any real sense by constitution or courts, and governed by a party and bureaucracy which are a law unto themselves and denied the full unfettered services of lawyers, the Soviet citizen's life is clouded with uncertainty. He is further a victim of officially inspired fear—an instrument of control deliberately developed by the dictatorship.

Such then are some of the facts one must start with in any evaluation of law and lawyers as related to the present status of the human rights with which we are here concerned. And in adverting to these rights, I want to make it clear that we are not here concerned with social or economic rights. That distinction is important. Here we deal only with legal or constitutional rights of the individual as against unfair governmental action—commonly referred to as our Bill of Rights in my country.

I have mentioned in broad outline some of the facts I will document in this paper.

I believe that we as lawyers must face up to the picture of suppression and denial of human rights by the Communist system of government, evaluate it and acquaint the peoples of the world with it. Lawyers are by training and tradition the leaders in the formation of public opinion in their home communities. They are expected to speak out on public issues and inform their people, especially on such matters as this where the key to the whole situation is a destruction of the role of the lawyer. Here we have an obligation to speak out and explain the dread dangers of the international Communist conspiracy so our people will understand it, fight it, destroy it and thus remain free—and in possession of their God-given human rights.

SOVIET LAWYERS MUST PLACE CLIENT SECOND TO STATE

Let us first consider the status and role of the lawyer under the Soviet system. Unlike lawyers of the free world, Soviet lawyers are deliberately so organized and regulated as to prevent them from protecting the human rights with which law and lawyers of the free world are traditionally concerned. I will sketch in a few words what my study has revealed as to how Soviet lawyers do their work and their function under the Soviet system as illustrative of the points I make herein.

Soviet lawyers assigned to the defense are expressly required to serve the State ahead of the interests of their clients. Lawyers practice through collective organizations or guilds, called Colleges of Advocates, which are organized on a regional level. They are semipublic bodies with the Ministry of Justice supervising them. They maintain in cities and towns consultation points where citizens are encouraged to turn for legal advice and counsel in civil or criminal affairs. In order to belong to the collective the lawyer must be a Communist, or be in good standing with the party. The State sets the fees, which are paid to the guild directly, the lawyer collecting his salary from that organization. The client must present his case to the secretary of the guild, who then assigns him to a lawyer chosen by the secretary as suitable.

The rules of the collectives lay down the lawyer's obligations in conducting the defense of a client. They bluntly stress the fact that his first obligation is to the State, not the client. During the trial the defense lawyer is duty bound to help the prosecution bring out adverse points against his client. Reports of defense pleas, which I have read, are replete with Marxist-Leninist dialectic and admissions of ideological sins by the defendants. Little attention is paid to the actual merits of the defendant's case. In fact, the chief way a lawyer can serve his client is to work for mitigation of the sentence. In many instances the defendant's guilt is predetermined—his confession obtained—by pre-trial brainwashing methods infamous the world over. If a defense counsel attempted to plead his client's case against the wishes—or interests—of the party or Soviet State, he would accomplish nothing for the client and only ruin for himself. The individual, therefore, is left with little protection. Political and Communist ideological considerations govern the conduct of both civil and criminal cases. Performance of the high function of the lawyer, as we know it, in protecting human rights as we define them, is strictly prohibited.

FORGET ETHICS—DEPUTY MINISTER OF JUSTICE TELLS SOVIET LAWYERS

"It is necessary to give up once and for all the ridiculous ideas of some sort of special lawyers' ethics which by virtue of the peculiarities of the profession justifies the departure from the principles of Communist morality and rules of Socialist intercourse which are compulsory for all Soviet people" warns P. Kudryavtsev, Deputy Minister of Justice of the U. S. S. R. in the Literary Gazette of June 8, 1951, in telling Soviet lawyers how to perform their function.

The Deputy Minister continues by warning Communist lawyers that in the U. S. S. R. they are not to undertake to defend cases where the accused had violated basic Communist law.

"The deliberations in certain quarters about the obligation of the lawyer toward the defendant, about professional secrets, about his right to defend a hopeless and unjust case by any means and about the absence of the obligation to be truthful before the court and morally discriminating in relation with the client are out of place and intolerable when our Soviet bar is involved * * * the Marxist-Leninist science of the state and law eliminate these questions."

Kudryavtsev lays down certain rules for Soviet lawyers when they defend a case:

"Lawyers must not use tricks in court, must not try to confuse the case, and resort to obsolete means of defense designed for the cheap tastes of Philistines. He must lift the defense in court to the level of the interests of the Soviet state. Bravely and consistenty defending the accused, the lawyer must be guided by the principles of socialist justice. He must present his argument for the defense without departing from the standpoint of a Soviet defense attorney."

The lawyer, furthermore, while supposedly in the employment of the accused is expected to think of his client only secondarily:

"A Soviet lawyer cannot confine his task merely to the interests of the client, but must always think in the first instance of the interests of the people, the interests of the state."

While the Malenkov regime has issued much propaganda regarding a new scheme of socialistic legality, no concrete steps have been taken to soften the harshness of Soviet law as it affects the individual citizens and his human rights. Nor has Malenkov given back to lawyers their traditional role in protecting against the denial of these rights to any individual. This recent Soviet talk about rights of citizens therefore does not really mean that a brighter day is coming for the average Russian. Even if the present regime should remove some of the onerous restrictions on its citizens and take genuine steps to curb the excess of its bureaucracy, socialist legality would hold little hope for the citizen as an individual. Under the Soviet system, the individual and justice must always play a secondary role to the interests of the State as those interests are interpreted from day to day by the Communist Party.

RUSSIAN SATELLITES DENY HUMAN RIGHTS

Each Russian satellite country has a similar story to tell of the misuse of their courts of justice and destruction of the traditional role of lawyers in defending individual human rights. From the record to date we can see that as the Soviet system descends upon a helpless people, the Communists take complete control of the nation's laws, law students, judicial philosophy, prosecutors, judges, and lawyers. A complete revolution is accomplished in the system of administration of justice so as to prostitute the rights of individuals to those of the all-powerful Communist State. Destruction of the traditional role of the lawyer is essential to accomplish this objective.

Russia has unmistakably taken advantage of the chaos and impoverishment which World War II brought to the world to carry out a program of aggressive expansion which recognizes no limits, which flouts all treaties, which is accomplished by force, and threat of force, and which is destroying human rights on a scale undreamed of heretofore. Witness the self-imposed exile of millions from Iron Curtain States and the thousands of others who have died trying to escape a life often worse than death. What other proof do we need as to the status of human rights behind the Iron Curtain?

To the familiar accompaniment of executions and mass deportations country after country has fallen under Soviet influence. And spearheads of further aggression are pointed toward lands outside the current sphere of dominant Soviet influence. We as lawyers from all over the free world must consider just what this picture means to us, to the peoples of our countries, and to our role as lawyers.

Every Soviet annexation may fairly be characterized as an act of lawless, predatory aggression in direct violation of international law. The Soviet Union would not have expanded by 1 square mile, or 1 square foot, if the decision to join or not to join had been left to a free and honest vote of the people affected, and whose human rights are destroyed by the very nature of the Soviet system as already outlined. In no case is there the slightest reason to believe that a majority, or even a substantial minority of the people affected welcomed the change to Soviet rule. Again the wholesale risk of death by millions seeking to escape from behind the Iron Curtain proves this point to our legal minds without need for further factual citation. If human rights were not denied, would these people take such action? Obviously the answer is "No."

A military occupation has been used in Poland, Hungary, Rumania, and Bulgaria to clamp down upon unwilling people Communist-controlled regimes. Handpicked legislative bodies chosen under conditions of extreme intimidation have obediently voted Latvia, Lithuania, and Estonia into the Soviet Union colonial empire. And these Soviet annexations are carried out by the crudest violation of numerous specific treaties and international agreements to which the Soviet Union had freely subscribed. Such violations of international law must be of great concern to an organization such as this one where we are dedicated, as Mr. Loyd Wright, president-elect of the American Bar Association, said in his opening address to this conference, to the rule of law rather than the rule of men.

And as stressed by experts in the field, international law is built upon ideas of morality and law wherein men keep their solemn agreements. Such ideas the Soviets do not recognize at all. Without such recognition human rights cannot exist.

As it ruthlessly pursues its world conquest objectives, the Soviet Union has created a well-deserved reputation as an irresponsible international marauder. Before the court of world opinion, it stands indicted for disregarding its international treaties and agreements, openly flouting protocols and agreements to recognize human rights such as those it specifically agreed to respect in the Yalta and Potsdam agreements. Further, it encourages other treaty signatories belonging to its colonial empire to violate basic human rights, examples of which I will cite in just a moment.

The Soviet Union follows a deliberate policy of refusing to work with other nations, takes abrupt and unauthorized unilateral action, and unceasingly strives to subjugate the free world. Agreements with it are worthless. From Yalta to the present international relations are marked by broken pledges and international law violations by the U. S. S. R.

SPECIFIC EXAMPLES OF DENIAL OF HUMAN RIGHTS

To move from the general to the specific, I will cite a few of the thousands of instances of Soviet denial of human rights. Under specific peace treaties the Hungarian, Bulgarian, and Rumanian Governments undertook to guarantee the enjoyment of human rights and fundamental freedoms, including freedom of expression, of press and publication, of religious worship, of political

opinion, and of public meetings. The human rights clauses. Freedom of expres- U. S. S. R. has directly aided and abetted these governments in failing to fulfill these sion and of press and publication no longer exist in any of these countries. Freedom of worship has been interfered with time and again, either through subtle means or drastic procedure such as trial and imprisonment of church leaders. All political groups opposing the Communist-controlled governments of these countries have been eliminated, thus forcefully violating freedom of political opinion. While Britain and the United States of America charged these governments with these treaty violations as long ago as 1949, Russia does not agree that violations have occurred and has condoned and abetted the violations by refusal to act to redress or prevent them under express provisions of the treaty designed for that purpose.

To be even more specific about the role of law and lawyers behind the Iron Curtain, I need cite only two world-famous trials, those of Cardinal Mindszenty and Associated Press Reporter Oatis.

The staged trial of Joseph Cardinal Mindszenty is a warning to all that a war is being waged against religion and the basic principles of humanity and human freedom. The length to which Godless men of the Hungarian Communist Party will go to gain their ends is shown by the Hungarian handwriting experts who, after escaping beyond the Iron Curtain, admitted that they forged the documents used by the Hungarian Communists to convict Cardinal Mindszenty.

In fact, and I need not repeat here the well-known facts of these two trials—it is certain that the peoples of the world have cringed with the shock of the terrifying effect of Communist "brain-washing" tactics and their induced confessions, "Communist-style," such as those of Cardinal Mindszenty and Associated Press Reporter Oatis. And there are thousands of similar cases. Such "confessions" are an especial concern of lawyers in this field as they end the rule of law and lawyers in protecting human rights. And it is well known that false confessions, such as those just referred to, have been extorted from many persons arrested by other Communist States. The Soviet Union itself recently issued an embarrassed apology for this widespread "brain-washing confession" method of procedure, when it publicly admitted that the confessions of nine prominent physicians to acts shortening the lives of Soviet leaders were obtained by illegal methods. The admittedly innocent doctors were freed. In fact, the Paris edition of the New York Herald Tribune has just reported the *in camera* trial, conviction, and execution of M. D. Ryumin, the former Vice Minister of State Security and investigating magistrate in this famous doctors' plot case. He was shot to death for falsifying material and inducing the doctors to confess falsely and denounce themselves. This *in camera* 5-day trial of Ryumin is nothing unusual under the Soviet system, but shocking to lawyers who have always fought such Star Chamber methods regardless of the charge against the accused. The number of *in camera* (behind closed doors) cases heard by Soviet courts, however, is legion.

Every so often news of some of these cases leaks out from behind the Iron Curtain. Witness the famous recent trial and judgment of execution pronounced against Beria in this same way.

Soviet authorities, in violation of the Potsdam declaration of July 1945, have instituted in East Germany a system of intimidation and cold terrorism through military, police, and party authorities. Freedom of speech and press as guaranteed by that declaration have not been allowed. Moreover, the Soviets have systematically built up a totalitarian system of police control which suppresses basic human rights and legal processes. They resort to arbitrary seizures of property, illegal arrests, forced labor, and other practices which are incompatible with democratic legal principles.

COMMUNISM—THE NEW COLONIALISM

The record of Soviet aggression is very imperfectly summed up by the list of outright Soviet annexations. Domination of other countries can be and is being achieved without formal annexation. In each annexed nation the destruction, suppression, and denial of human rights comes automatically with the ending of the traditional role of the lawyer. This is a cardinal part of the Soviet system of government. That system cannot coexist with protection of human rights by the performance of the traditional role of the lawyer.

Satellite local regimes give Russia control of many countries. Methods and degrees of control vary from country to country. But these local administrations can take no important decision without the sanction and approval of Moscow. They all fall into one mold—one basic system. Russia wants no friendly neighbors but only vassal states—ruled by Russian-trained Communists unable to take a step without advance approval from Moscow.

Let us examine how the Soviet system of colonizing other nations now works: First, let me call your attention to the fact that the colonial empires which the nations of Western Europe built up in the two centuries preceding World War II are a thing of the past. The list of nations that have achieved their sovereignty peacefully since 1945 includes India, Pakistan, Burma, Ceylon, Indonesia, and the Philippines. The three Associated States of Indochina, Vietnam, Cambodia, and Laos, have already achieved autonomy within the French Union. The French Government has made clear its intentions to perfect the independence of these states; Laos has already achieved independent status within the French Union through a basic treaty recently signed with France. The British have clearly announced their intention, and have instituted initial steps, to provide self-government for Malaya.

But as the old colonialism dies, a new and far more deadly form of colonialism is spreading across the globe. From its European and Asian bases, world communism is fastening colonial shackles on many once-free peoples. In short, Western European nations who brought light and civilization to many dark corners of the earth have brought freedom and independence to 600 million people. At the same time the Communists have enslaved a like number.

Since 1939, the nations that have had Communist rule forced on them by aliens are: Tannu Tuva, Lithuania, Latvia, Estonia, Poland, Czechoslovakia, Bulgaria, Hungary, Rumania, Albania, East Germany, Tibet, Outer Mongolia, and North Korea.

The processes through which these nations have been reduced to abject colonial slavery have varied, but the result in the field of human rights is always the same. In the Baltic States the process was one of direct seizure. In Eastern Europe the Soviet methods have included engineered political coups under the guise of Soviet occupation activities and the subversion of governments from within by infiltration of Soviet-trained agents. In East Germany and North Korea it was one of taking advantage of military occupation.

Whatever the specific process, one of its key elements has always been perversion of genuine feelings of nationalism in the target country so as to accomplish the vital control of law, the courts, and the legal profession. The Communist colonial regime invariably is set up under the guise of protecting the people from the oppression of their rulers or of protecting them from contemplated aggression by western nations, which, of course, exists only in the contemplations that go on in the Kremlin.

The process has not ended. In Indochina world communism has carried out a military conquest as the first step in adding it to the list of new colonies.

One of the standard devices of the Communist colonization process is to pre-train the key figures of Communst puppet regimes in the Soviet Union prior to the Communist capture of a country so that the U. S. S. R. is assured their conditioning, ideology, and ultimate loyalty is to the Kremlin, the center of the world Communist plot, rather than to the country of origin. Only in this way can the Kremlin be sure that these leaders will understand and carry out its system of destruction of human rights—an understanding which is basic to success of the Soviet system. This Communist education often is planned so far in advance that the training of these leaders occupies years of experience before they actually come to power; needless to say, this training consists in large part in learning the fundamental principles of a system whereby, under false labels, the rights of the individual are suppressed, destroyed, and subverted to those of an all-powerful State so that individual rights are eroded and gone before the colonized people awake to just what has happened to them. Surely we as lawyers can analyze this system—what it is, what it has done, is doing, and what it plans to do—for our people so they will be awake to the false labels, the subtle misrepresentations, and the evil designs the Communists have in mind for the free peoples of the world.

I have recently examined an impressive list of the leaders of the Iron Curtain colonial empire of 15 formerly independent nations. In every instance the present local-controlling Communist leaders were trained in the U. S. S. R. and sent to take over the particular nation. Usually they were born in the colonized nation. The free world was recently alerted to this kind of operation when a regime of Communist sympathizers took over and was then overthrown in Guatemala. There, as elsewhere, it was revealed that the real leaders of the deposed regime were U. S. S. R.-instructed for their specific colonial tasks. These are facts which we lawyers can collect and bring before our people before the Soviet scheme makes headway in our countries so our people can avoid all the dread consequences which so certainly flow from Soviet colonization.

CONCLUSION

The above are a few of the facts which prove beyond refutation that the international Communist conspiracy is carrying out a systematic denial, suppression and destruction of basic God-given human rights in every nation which falls under its dominion. And beyond question the key to Soviet domination lies in subversion and destruction of the role of law and lawyers in this vital field of human rights. We, as lawyers, must fight the menace of communism by calling the attention of the people of the world to the Soviets' record and intentions.

The uncertainty of peace the world over is due primarily to the fact that the Russians have deliberately undermined the foundations upon which peace was to be built. And the fact that the framework for peace has never been completed by peace treaties is due to the U. S. S. R.'s intransigence and the unreliability of its word.

What is behind this record of Soviet aggression which looms up as far and away the greatest threat to a world of peace, order and freedom? We know that on the record to date it is the fatalistic idea that communism must conquer the world or perish. And no one can refute the fact that, upon the record as herein reviewed, successful conquest of the free world by the Soviet system requires destruction of the traditional role of law and the lawyer, and the death knell of human rights.

So long as there is even one free country the masters of the Kremlin will not feel secure in their dictatorship. The record of Soviet aggression to date, long and formidable as it is, must be considered only a foretaste of what will come—unless we who believe in liberty under law succeed in building impregnable ramparts against this would-be conqueror of the world. We must also keep the torch of freedom under law burning for those behind the Iron Curtain against the day when it can burst into liberating flame.

FLANDERS CENSURE RESOLUTION—LETTER FROM 23 "NONPROMINENT MEN"

Mr. McCARRAN. Mr. President, I have received a copy of a letter addressed to the Members of the United States Senate by 23 "nonprominent men."

This letter speaks for itself; and in order that any Members of the Senate who did not have an opportunity to see the letter in their mail may see it in the RECORD, I ask unanimous consent that the text of the letter, together with the names and addresses of the signers, may be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEATTLE, WASH., *August 5, 1954.*

To the Members of the United States Senate.

DEAR SENATOR: We, the undersigned, are 23 nonprominent men.

We deplore the action of 23 "prominent" men who sent you telegrams in support of the Flanders censure motion against Senator McCARTHY, and who join hand in hand with the known enemies of the Republic of the United States of America.

We call upon you to defeat the Flanders motion. Then to vote overwhelmingly a motion of confidence and approval of Senator McCARTHY and his exemplary methods.

Prominent men are few in number.

Nonprominent men number tens of millions. We feel we are speaking for those millions when we ask you to support that great incorruptible patriot, Senator JOSEPH McCARTHY.

Not one of our group is or ever has been a member of any organization which has been named as subversive. Nor have we ever affiliated with people who have been named as members of a subversive organization.

Can the 23 "prominent" men make this claim?

There is not one "fifth amendmenteer" among the following signers. We pledge to answer cheerfully, under oath, any questions asked of us by any legally constituted committee of the House or Senate which is investigating communism. How many of the 23 "prominent" men are willing to make this public pledge?

John W. Carlson, Office Equipment, 8076 Bothell Way, Seattle; Norman I. Glover, Ice-Cream Manufacturer, 8074 Bothell Way, Seattle; Leo Berman, Leo's Market, 8022 15th NE., Seattle; C. M. Johns, Johns Shell Service, 8100 Bothell, Seattle; John E. Carlson, Real Estate, 8020 Bothell Way; F. M. Fredricksen, Insurance, 5035 Eighth NE., Seattle; R. L. Woodman, Jeweler, 8072 Bothell Way, Seattle; Art Potter, Cashier, 8059 Bothell Way, Seattle; Oliver Frank Mitchell, Salesman, 6845 16th NE., Seattle; W. H. Burghduff, Auto Parts, 8001 14th NE., Seattle; G. A. Dalgety, Auto Supplies, 8208 Greenwood Avenue, Seattle; Roy Davidson, Jeweler, 131 North 85th, Seattle; A. Wm. Johnson, Salesman, 1104 Eighth Avenue, West Seattle; Gene Elrod Keller, Associate American Detectives, 614 Bigelow Building; Chas. M. Bryant, Insurance, Post Office Box 436, Seattle, Wash.; William H. Mullen, Attorney, 806 West McGraw; Leonard L. Higgins, Private Investigator, Suquamish, Wash.; J. Albert D. Hulse, Security Police, Port Embarkation, Pier 39, Seattle, Wash.; Conrad W. Swanson, Real Estate Broker, 8050 16th NE., Seattle; Bryson, Reinhardt, 2608 West Boston, Seattle; Pryor N. Adskim, 3212 36th Avenue, West Seattle; Marvin E. Munyon, 7811 31st Street South, Tacoma; L. J. Boardman, 902 First Avenue, Seattle; Lawrence Timbers, Advertising Specialty Co., 315 First West, Seattle.

As coauthor I reserve the right to be the 24th.

EISENHOWER'S "METHODS"—EDITORIAL FROM THE TULSA TRIBUNE

Mr. McCARRAN. Mr. President, there has come to my desk an editorial which was published in the Tulsa Tribune of Saturday, July 31, 1954. The burden of the editorial is that "patriotism is being punished in Washington today."

The importance of the theme dealt with in the editorial is very great, and I ask unanimous consent that the editorial may be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EISENHOWER'S "METHODS"

(By Richard Lloyd Jones)

We are bewildered. We are confused. We are frustrated. We have grown so apathetic that a lot of us no longer give a whoop. And that is no way to save our liberties. We need a President.

Eisenhower is attempting to make himself the master of a one-party government. And that is the historic road to dictatorship. Where is the Republican Party? Its leaders do not resist this attempt.

During the 1952 campaign Eisenhower's spokesmen informed those who inquired about specific domestic matters that General Eisenhower's position as an international commander does not permit his personal participation in domestic political affairs, even if his responsibilities to the 12 countries of the North Atlantic Treaty Organization afforded him time to do so.

That is what we elected. That is what he is, a man too busy to be interested in the problems of the American people. So, we have no leadership.

Our President today is utter stranger to the candor and the direct honesty of Theodore Roosevelt. Why doesn't Eisenhower say exactly what he means instead of indulging in innuendoes? He is the thought promulgator for the Pinks. Both he and the Pinks don't like McCARTHY's methods. Yet, no one can name one single American who has been hurt in the slightest by whatever may be defined as "McCARTHY's methods." But it is time now to look at the Eisenhower methods and the methods of George Marshall behind him.

In a recent speech Eisenhower said, "Thorough knowledge and understanding will drive from the temple of freedom all who seek to establish over us thought control whether they be agents of a foreign state or demagogs thirsty for personal power and public notice."

An honest President would explain himself. What did Eisenhower mean by this language? His lieutenants admit that it was a pot shot at Senator McCARTHY. No one can find the slightest evidence that McCARTHY ever attempted to establish thought control over the people. That assertion is so false it is silly. To imply such a thing is dishonest. To evade the direct question as to whom he had in mind is also dishonest.

Who are "the demagogs thirsty for personal power and public notice?" Name one. Eisenhower's methods are dishonest.

What about the meeting Eisenhower called on January 21 to plot the destruction of JOSEPH McCARTHY? There is a "method" of attempting to destroy a patriotic Senator.

Then he tries to hide the record. If the record is right why not bring it out into the open?

The forces that nominated Eisenhower at the Republican convention in 1952 put up an infamous cry of "Thief," implying that the Taft forces had stolen certain Texas delegates. Had there been an Abraham Lincoln as a competing candidate for that nomination, there would have been no such infamous charge because there was no theft. None. And honest men would not profit by a demagogic charge that had not the slightest substance.

A year ago today Senator Taft died. Taft was maligned by Eisenhower and his plot-planner, George Marshall. Taft, the great statesman, was condemned by the very people who profited by the manipulations in Aldrich's hotel rooms in Chicago.

Eisenhower has talked piously about the crime of "burning books." But he can name nobody who has burned a book. No one, not one. Therefore to imply such a thing is to bear false witness.

The Eisenhower crowd talks about the infamies of "smear." And not one of them can name a single soul whose honesty and patriotism is clear and above reproach who has been singed by smear.

But, on the Ike side, we now have the conspicuous example of Roy Cohn, a real patriot who has been tortured with Eisenhower-sanctioned smear for doing a great patriotic work.

Under the Truman administration we were prepared to accept performances that smelled to high heaven. But the people elected Eisenhower to clean house, to be a heroic patriot and to help the Members of our Congress who are trying to rid us of enemy infiltration. But we didn't get what we voted for. Under Eisenhower's administration we punish patriotism.

We began this business of punishing patriotism years ago when we witnessed the destruction of Dr. Wirt. Then we saw Martin Dies destroyed. We saw General MacArthur destroyed, then followed J. B. Matthews and Dean Manion. Now they have tortured with smear a brilliant young man whose only offense was that he was a competent defender of our country, a finder of our foes and an efficient prosecutor of our enemies. The White House outfit got him. They got him to cripple McCARTHY. Now they are going to cripple JENNER and VELDE. What about these methods?

For shame. A President of the American people engineering the repudiation of patriotism. And he accomplishes these ends by sneaky methods, by innuendoes, by implications. We elected him to be forthright, courageous, and heroically honest. And he has failed us.

Part of the administration's methods is to destroy the Republican Party and the Democratic Party by amalgamation and thereby destroy the Republic itself. Then make a military master dictator. Then the one worlders will include America in their conquest.

Already the Stars and Stripes are placed behind the United Nations flag on parades.

There are enough American citizens who are now alarmed to rally to the support of

honest and courageous leadership. But we have had no leadership, and we have got none now. If any Member of Congress, House or Senate, behaves as a patriot and champions the cause of the American people, he is called to the White House mat to have his brain washed and to learn that his patronage rights are of no interest to the Chief Executive, that his party has no financial help to offer him in his campaign to retain his patriotic crusade in Congress.

The Republican Party has got to face it. It has either got to show Eisenhower how to be an honest, cooperative patriot, or they have got to ease him out of the party.

He is a shallow Republican who sits in the Senate of the United States and yields to the Republican National Committee as directed by Leonard Hall. Hall is a weak man or he would reveal the weakness of the brain-washing tactics of the White House outfit.

The brave men in the United States Senate today are the ones that Eisenhower and his coterie are out to get. But let them beware, it is no crime to love our country and defend it.

Patriotism is being punished in Washington today. That is the ugly fact. And we, the people, had better get busy or we are not going to have a country. What are our Senators afraid of that they yield to the intimidating methods of those who promote the one world flag and the one world party and the one world citizenship and the destruction of the American Republic.

Eisenhower's methods are the menace that confronts us.

THE REPUBLICAN ADVANCE

Mr. MCCARRAN. Mr. President, very few newspapers in this country have printed anything, so far as I know, about the Republican Advance, which appears to stand in approximately the same relation to the Republican Party as Americans for Democratic Action stands to the Democratic Party.

One newspaper which printed something about the Republican Advance, and quite recently, was the Monroe (La.) News-Star. In an editorial under date of August 3, this newspaper has a number of things to say about the Republican Advance. Because of the great interest in this subject, which I feel certain is shared by Senators on both sides of the aisle, I ask unanimous consent that the editorial to which I have referred may be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE REPUBLICAN ADVANCE—DECISION TO DESTROY

The censure motion by Senator RALPH FLANDERS came about as scheduled. He referred to Senator MCCARTHY as a "fifth amendment" Senator in that the Wisconsin Communist hunter had "refused to divulge information on his tax status and finances."

Senator MCCARTHY has time and time again stated that he would be glad to testify to anyone as regards his financial status. Even Drew Pearson couldn't get anything on JOE MCCARTHY'S record.

As was expected, Senator MCCARTHY had great support in the Senate from his colleagues who leaped to his assistance upon the close of FLANDER'S "motion." The odd and extremely curious manner in the entire situation is the position of the Eisenhower administration which is prodding FLANDERS into this affair. In short, the administration is determined at all costs to wreck MCCARTHY. It is now involved in starting another "investigation" of the Senator. It would appear that any man, whether he is in or out of public life, who attempts in any way to disturb the forward progress of the International Communist war machine, will receive the full brunt of the Communists and their associates, the Marxists in this Nation.

Unhappily for the United States, there are still Marxists in policy making positions in the Government and there are public officials who because of various and sundry reasons (many of them, financial) who will either appease these international pirates or will agree to support their various causes.

In the McCarthy issue is a problem of the times. The Senate is at the direct request of the administration, ordered to censure the main member of the Senate investigating Committee on Government Operations due to the simple fact that he was carrying out the duties as required by his office—that of investigating conditions inside the administration. The administration is thus telling the Senate to "keep hands off—look what will happen if you don't."

Who is behind this administration move to destroy MCCARTHY, JENNER, MCCARRAN, and others who are interested primarily in the well-being of the Nation, themselves second? From time to time, the News-Star has described the curious operations of the Republican Advance. The Advance is to the GOP what the ADA is to the Democratic Party, only worse due to the fact that the Advance now controls the patronage and the treasury of the Republican National Committee.

It is directly controlled by several sources. The sources are not located in Washington, but in the city of New York. Among the politicians involved are Thomas Dewey, the former crime fighter of New York; Herbert Brownell, the Advance hatchetman, former Dewey assistant; Sherman Adams, former Governor of New Hampshire and present Presidential adviser; Henry and John Lodge, New England politicians of some fame; James Duff, of Pennsylvania; Ralph Flanders, of Vermont, and numerous others of a like political order.

The main idea of the Advance as was originally proposed as far back as 1950 in Philadelphia, is to softpeddle communism and attempt to evolve a fair-deal program. The man behind the situation is said to be Mr. Sidney Weinberg, of New York, a banker on a colossal scale whose hands are in all types of "pies." Weinberg is a business partner (or owner) of the Lehman Bros. (Continental Can), of which brother Herbert is a "liberal" Senator from New York.

The News-Star has at times described these international bankers and the manner in which they operate. Sometimes, they do not feel a tinge of patriotism when dealing with the Communists or European nations. In short, finances and economics play a much larger part in their lives than patriotism and the fight against international communism.

The Advance is a left-wing organization which seeks to control the Republican Party and thus destroy it as a patriotic American political organization. Using the Marxian tactics of infiltration and self-destruction through deliberate confusion, the Advance has gained control of the Citizens for Eisenhower movement which today is actually the Advance. Citizens for Eisenhower merely plans to elect either Republicans or Democrats (it doesn't matter) who suit their purposes.

Much as the ADA seeks to control elections and primaries within the framework of the Democratic Party (Texas, Louisiana, Florida, Alabaha, Oklahoma, and others) the Advance is determined to control the Republican primaries and elections in the States involved. In short, if the GOP candidate is not a 100 percent internationalist, follower of New Deal principles, or will agree to support these principles, he will not get the support of the Republican National Commitee as it presently exists.

To quell such erroneous beliefs, the President has agreed to support candidate for the Senate, Joe Meek, of Illinois, but it is reliably reported that the Advance will attempt to destroy him. The Advance has plans to undercut any American, especially a Republican, who seeks (as does MCCARTHY) to support the United States first, other nations last.

The Advance is in full cooperation with the Americans for Democratic Action and the allied and associated elements. It gives the White House nod to those who will play ball and it destroys those who resist. It uses pressure tactics to any degree in attempts to destroy its opponents and will not halt at blackmail and extortion. The News-Star has some curious facts as regards those last two items. Already, the pressure has been put to newspapers throughout the country, through various sources, to halt any further information on the Advance.

The worst aspect to the situation is that many, many Republicans are not aware as to the existence of this Trojan horse inside the party. Best they acquaint themselves as soon as possible.

The Advance, as you can now see, will support any man who has apparently had dealings and proposes more dealings with the Soviet Communists while attacking in a bitter and terrible manner the man whom even John Edgar Hoover has seen fit to praise in the fight against communism.

The decision to destroy was passed long ago. Now it is being put into effect.

Americans all need to support Senator MCCARTHY in his fight against these sources seeking to destroy your Nation.

CHICAGO TRIBUNE

Mr. KERR. Mr. President, a few days ago the senior Senator from Oklahoma made some extended remarks about the farm bill which was then being considered by the Senate. In my discussion, I referred to a report showing the subsidies received by 10 very large newspaper and magazine publications in the United States in the form of very low postage rates, which cost the taxpayers about $7,500,000 a year, and which inured primarily to the benefit of those publications. The Chicago Tribune was 1 of the 10 publications referred to by me.

In the course of my remarks I referred to the Chicago Tribune as being "as shoddy a propaganda sheet as any that ever tried to mislead the patriotic population of a great country."

I have received from Mr. Walter Trohan, Washington correspondent of the Chicago Tribune, a letter which criticizes me a little for having made that statement, and asking me to be fair in my attitude and remarks. I think that is a reasonable request.

With regard to news items in which the publisher of the Chicago Tribune has no political interest, I believe the Chicago Tribune is one of the great newspapers of the country. I think its news coverage is wide and extensive, and makes it a publication of great value in that regard.

However, when the publisher of that paper has political objectives in mind, I must say that I have reached the conclusion that he is not above propagandizing in the columns in his newspaper; and it may be that I should have placed

the adjective "shoddy" at another place in my remarks. I referred to the newspaper as being "as shoddy a propaganda sheet." Probably what I should have said was that it is a sheet capable of printing propaganda as shoddy as can be found in any paper in the country—when the publisher has a political objective in mind.

I think Mr. Walter Trohan is a very fine, outstanding correspondent. He and the reporter personnel of that great paper have been very courteous to the senior Senator from Oklahoma. I think that they are men of very high type, and I want to express my appreciation of and to them.

Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD the letter I have received from Mr. Walter Trohan, under date of August 11, 1954, in order that I may do what I can to evidence my attitude of fairness.

However, I close by saying that the conclusion I had formerly reached as to the capacity of the publisher of the Chicago Tribune to insert shoddy propaganda in his newspaper when it serves his wishes or purposes has not changed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHICAGO TRIBUNE,
WASHINGTON BUREAU,
Washington, D. C., August 11, 1954.

The Honorable ROBERT S. KERR,
United States Senate,
Washington, D. C.

DEAR SENATOR: I see by last Saturday's RECORD that you belabored the Chicago Tribune for benefiting from postal subsidies. You have every right to feel about the Tribune in any way you please, even to saying that it is "as shoddy a propaganda sheet as any that ever tried to mislead the patriotic population of a great country," although I have letters of yours thanking me for favors done you by the Tribune. However, when you blast the Tribune, you should be just a little bit fair.

For 25 years, to my personal knowledge, the Tribune has openly and loudly pleaded for revision of the rates you complain about. I can show you a file of our editorials calling for upward revision of the newspaper rate. Some years ago Senator DOUGLAS attacked us on this ground. When I showed him this file, he apologized on the floor of the Senate. If you do not believe me, you might consult Senator DOUGLAS.

Sincerely yours,

WALTER TROHAN.

CALL OF THE ROLL

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. SALTONSTALL. Mr. President, if there be no further morning business, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Byrd	Douglas
Anderson	Carlson	Duff
Barrett	Case	Dworshak
Beall	Chavez	Ellender
Bennett	Clements	Ervin
Bowring	Cooper	Ferguson
Bricker	Cordon	Frear
Burke	Crippa	Fulbright
Bush	Daniel	George
Butler	Dirksen	Gillette
Goldwater	Kuchel	Potter
Gore	Langer	Purtell
Green	Lehman	Reynolds
Hayden	Lennon	Robertson
Hendrickson	Long	Russell
Hennings	Magnuson	Saltonstall
Hickenlooper	Malone	Schoeppel
Hill	Mansfield	Smathers
Holland	Martin	Smith, Maine
Humphrey	Maybank	Smith, N. J.
Ives	McCarran	Stennis
Jackson	McCarthy	Symington
Jenner	McClellan	Thye
Johnson, Colo.	Millikin	Upton
Johnson, Tex.	Monroney	Watkins
Johnston, S. C.	Morse	Welker
Kefauver	Mundt	Wiley
Kennedy	Murray	Williams
Kerr	Neely	Young
Kilgore	Pastore	
Knowland	Payne	

The ACTING PRESIDENT pro tempore. A quorum is present.

REVISION OF ATOMIC ENERGY ACT OF 1954—CONFERENCE REPORT

Mr. HICKENLOOPER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. The report will be read for the information of the Senate.

(The legislative clerk read the report.)

(For conference report, see House proceedings of August 9, 1954, pp. 13765–13779, CONGRESSIONAL RECORD.)

Mr. KNOWLAND. Mr. President, pursuant to the order of the Senate of August 11, 1954, I now request that the Senate proceed to the consideration of the conference report.

The ACTING PRESIDENT pro tempore. Under the unanimous-consent agreement of August 11, the question is on agreeing to the conference report.

Mr. HICKENLOOPER. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Iowa [Mr. HICKENLOOPER] has 90 minutes. The Senator from Texas [Mr. JOHNSON] has 90 minutes.

Mr. HICKENLOOPER. I yield myself sufficient time to make the statement I wish to make.

Mr. President, this is the conference report on H. R. 9757, which is the proposed Atomic Energy Act of 1954. I should like at this time to read the statement of the managers on the part of the House in submitting the conference report to the House, because it is substantially the same as the report the Managers on the part of the Senate would make.

In the first place, I may say that the committee of conference met for several days, and the Managers on the part of the House agreed to this report by a vote of 4 to 1, one not voting. There were five managers on the part of the House on the conference committee.

On the part of the Senate there were five conferees. The report submitted to the Senate is signed by 3 of those conferees, 2 not signing the report.

The report has been in the Senate for several days, and is available to any Senators who may not presently have it on their desks.

I now read from the statement on the part of the managers of the House, which statement I shall ask leave to have incorporated in my remarks:

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

The House bill continued in effect the provision of existing law which establishes within the Atomic Energy Commission a Division of Military Application and such other program divisions, not exceeding 10, as the Commission may determine (subsec. 25a). The Senate amendment added to the House bill a requirement that there be within the Commission "a division or divisions the primary responsibilities of which include the application of civilian uses." The conference substitute retains the substance of the language added by the Senate amendment.

Mr. President, I have a statement of my own which I desire to make. Therefore, inasmuch as this statement on the part of the managers of the House is contained in the report which is available on the desks of Senators, I ask that the full statement of the managers on the part of House be incorporated at this point in my remarks and that I may proceed with my own personal statement, in order to conserve time.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

DIVISIONS OF THE COMMISSION

The House bill continued in effect the provision of existing law which establishes within the Atomic Energy Commission a Division of Military Application and such other program divisions, not exceeding 10, as the Commission may determine (subsec. 25 a.). The Senate amendment added to the House bill a requirement that there be within the Commission "a division or divisions the primary responsibilities of which include the application of civilian uses." The confer-

ence substitute retains the substance of the language added by the Senate amendment.

DISPOSITION OF ENERGY PRODUCED AT COMMISSION FACILITIES

The House bill provided for the disposition of energy produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States (sec. 44). It also provided for a preference to public bodies and cooperatives in the disposition of such energy, and prohibited the Commission from engaging in the sale or disposition of energy for commercial use except in the case of energy produced incidental to the operation of research and development or production facilities of the Commission.

The Senate amendment retained the provisions relating to disposition of energy produced by the Commission, but added a preference for high-cost power areas and a new section 45 which would authorize the Commission to engage in the production of electric power in its own facilities. It also would authorize other Federal agencies to be licensees of the Commission.

The committee of conference eliminated the Senate section 45 and revised section 44 so as to make it applicable to the disposition of energy produced at facilities of the Commission. It retained the requirement that, insofar as practicable, the Commission give preference to public bodies and cooperatives and to utilities in high-cost areas. It also retained the provision prohibiting the Commission from engaging in the sale of energy for commercial use except in the case of energy produced by the Commission incident to the operation of research and development facilities of the Commission and of facilities of the Commission for the production of special nuclear material.

The committee of conference amended section 31 a. (4) so as to clarify the authority of the Commission to build or contract for the building of large-scale atomic energy utilization facilities for the purpose of demonstrating the practical value of such facilities in the generation of electric energy, or for other industrial or commercial purposes. The construction of such large-scale demonstration facilities would require specific authorization by the Congress as provided in section 261.

For the purpose of clarity, sections 103 and 104 (which relate to the licensing of production and utilization facilities) were amended by the committee of conference so as to include the authority to issue licenses to "persons applying therefor" instead of to "applicants." The effect of this amendment is to make it clear that Government agencies are on an equal footing with all others before the Commission with respect to obtaining licenses from the Commission, since the definition of "persons" (subsec. 11 n.) specifically includes Government agencies (other than the Commission). In order to make this effect even more specific, a new section 273 was added to the bill to incorporate the substance of the final sentence of section 45 as added by the Senate amendment. This new section states that nothing in the act shall preclude any Government agency authorized by law to engage in the production, marketing, or distribution of electric energy from obtaining a license under section 103, if qualified under the provisions of section 103, for the construction and operation of production or utilization facilities for the primary purpose of producing electric energy for distribution for ultimate public consumption.

Since there was no thought that the Commission, in carrying out its obligations under this act, should not be required to get congressional approval for its operations, the amendment made by the Senate to section 261 which exempted the Commission from the necessity of obtaining congressional approval for certain construction and acquisition projects was deleted by the conference substitute.

NOTICE OF LICENSES

The House bill contained a provision requiring the Commission to give notice of proposed licenses under section 103 to those within transmission distance who might be engaged in the distribution of electricity. The Senate amendment required that notice be given to private utilities as well as to those persons included within the House provision. The conference substitute retains the Senate language with a minor amendment.

LICENSE PREFERENCES

The House bill contained a provision requiring the Commission to give preferred consideration in issuing licenses under section 103 to facilities which will be located in high-cost power areas where there is a limited opportunity for such licenses (sec. 182 c.). The Senate amendment added a provision requiring that in such situations applications submitted by public and cooperative bodies were also to be given preferred consideration. The conference substitute follows the Senate amendment but requires such preference to be given "insofar as practicable."

APPLICABILITY OF FEDERAL POWER ACT

The Senate amendment added to the House bill a requirement that licensees under section 103 transmitting electric energy in interstate commerce or marketing such energy at wholesale in interstate commerce are to be subject to the Federal Power Act. The conference substitute retains the substance of the provision added by the Senate amendment and makes it a new section (sec. 272) in the bill.

SOURCE MATERIAL

In connection with the leasing of lands belonging to the United States for prospecting for or mining of deposits of source material, the House bill provided for the award of leases or permits on a competitive bidding basis after notice has been published in a newspaper in the county in which the lands are situated (sec. 67). The Senate amendment deleted this provision, and the conference substitute follows the Senate amendment.

The problems involved in issuing leases on the basis of competitive bidding require further study. It was decided by the committee of conference that this matter should be taken up in the next session of Congress if the Commission does not itself institute such methods of procedure after holding hearings specifically on the point.

ADVICE OF ATTORNEY GENERAL ON LICENSES

In connection with the issuance of licenses for utilization and production facilities, the House bill provided certain requirements with respect to the antitrust laws (sec. 105). Among these was the requirement that the Commission obtain the advice of the Attorney General before issuing any such license. The Senate amendment required that the Commission follow the advice of the Attorney General unless the President made a finding that the issuance of such a license was essential to the common defense and security and the finding was published in the Federal Register. This amendment in effect made the advice of the Attorney General a decision binding upon the Commission and the applicant without hearing. The conference substitute deletes the portion of the provision added by the Senate amendment which required that the advice of the Attorney General be followed, but requires that the advice of the Attorney General be published in the Federal Register.

INTERNATIONAL ACTIVITIES

The House bill provided that agreements for cooperation (sec. 123) were to be submitted to the President by the Commission or the Department of Defense, whichever was responsible for the initiation of the agreement. The Senate amendment required in addition that the Commission or the Department of Defense favorably recommend the agreement for cooperation. The corresponding provision in the conference substitute requires that the Commission or the Department of Defense submit the agreement for cooperation to the President together with its recommendation concerning the agreement.

The House bill provided for the termination of agreements for cooperation by the President or by the Congress (sec. 123 (2) and (3)). A similar provision in section 54 of the House bill provided for the termination by the Congress of agreements for cooperation for the foreign distribution of special nuclear material. The Senate amendment eliminated these provisions, and the conference substitute follows the Senate amendment. In view of the requirement in section 123 that each proposed agreement shall include "the terms, conditions, duration, * * * of the cooperation," the committee of conference believed that the agreements themselves would provide for termination conditions which would be most suitable under the special circumstances in each case.

ELECTRIC UTILITY CONTRACTS

The House bill contained an authorization for the Commission to enter into contracts for electric utility services in connection with the construction and operation of facilities at Oak Ridge, Paducah, and Portsmouth. The Senate amendment authorized the Commission to enter into contracts to provide for replacement to the Tennessee Valley Authority of electric utility services furnished by TVA to the Commission in accordance with the basic authority, and also required any contract hereafter entered into to be submitted to the Joint Committee for a period of 30 days before becoming effective. The conference substitute follows the Senate amendment.

CONTRACT PRACTICES

The Senate amendment added to the House bill a provision (sec. 170) prohibiting the Commission from entering into a contract providing for the direct payment by the Commission of Federal income taxes on behalf of any contractor or for any payment to such contractor as reimbursement for any Federal income taxes paid by such contractor. The conference substitute limited the prohibition to the direct payment or direct reimbursement by the Commission of any Federal income tax, and made the prohibition as so limited a part of section 165. It was the intention of the committee of conference to prohibit the direct payment of Federal income taxes to contractors of the Commission, but it was not the intention of the committee of conference to bar inclusion of such taxes in the computation or adjustment of the base rate or cost structure of the Commission contract.

PATENTS

The House bill and the Senate amendment both provided, as does the Atomic Energy Act of 1946, as amended, that there shall be no patents issued in the field of atomic weapons. With respect to other areas in the atomic-energy field the House bill permitted normal patents. However, it required that inventions or discoveries made under contract or other arrangement with the Commission shall be deemed to have been made by the Commission and patents therefor shall be the property of the Government unless the Commission either waives its claim or its claim is not held valid by the Board of Patent Interferences. The House bill provided a procedure for testing out the question of whether or not inventions were made or conceived under contract with the Commission, using the Board of

Patent Interferences as the deciding tribunal. Each applicant for a patent in the atomic-energy field would be required to file with the application for such patent a statement under oath setting forth the facts surrounding the making or conceiving of the invention. The Atomic Energy Commission would then be provided an opportunity to review the statement, and if it believed that the invention was made under a contract or other arrangement with the Commission, the Commission would be authorized to direct the Commissioner of Patents to issue the patent to the Commission. If the applicant should not concur, he would be given an opportunity for a hearing before the Board of Patent Interferences. This Board would then have to decide when the invention was made and whether, under all the circumstances, the Commission's claim was valid. The resolution of any question of when an invention is made or conceived is, of course, a normal function of the Board of Patent Interferences.

The Senate amendment did not have this protective device to insure that the Commission would receive all of the patents which properly belonged to it. Instead it authorized the Commission to require compulsory cross-licensing of inventions of primary importance in the field. It also provided for the use by others of patents found by the Government to have been used by their owners in violation of the antitrust laws.

The committee of conference chose a somewhat different approach to the problem so as to avoid as far as possible doubt as to the constitutionality of the licensing system. Therefore, the committee of conference accepted provisions requiring the Commission to give preferred consideration for commercial licenses in the next five years to those applicants who agree to make their atomic-energy patents available to all other Commission licensees who demonstrate need therefor upon payment of a reasonable royalty to be determined in accordance with the provisions of the act. In addition the committee of conference retained the House provision affording protection of the Commission's interest in patents conceived under contract or other arrangement with the Commission.

Furthermore, the committee of conference accepted the Senate amendment which would require those licenses given by patent owners under the circumstances above to be nonexclusive. It also accepted the Senate amendment that the royalty determined in connection with such licensing shall not be less favorable than royalties levied by the owner of the patent or by the Commission to similar licensees for comparable use.

The committee of conference also retained the substance of the Senate amendment dealing with the use of any patents in the atomic field in a manner so as to violate the antitrust laws.

By the provisions selected by the committee of conference it is thought the interest of the public and of the Government are protected in a constitutional manner and to the greatest extent possible without interfering unduly with the incentives inherent in the established patent system.

W. STERLING COLE,
CARL HINSHAW,
JAMES E. VAN ZANDT,
CARL T. DURHAM,
Managers on the Part of the House.

STATES AND MUNICIPALITIES PREFERENCE TO FEDERALLY FINANCED POWER

Mr. MALONE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Nevada.

Mr. MALONE. I should like to ask a vital question of the distinguished Senator from Iowa, who, I think, has done a first-class job in a difficult situation in bringing to the floor a bill which seems to be a very practicable measure in a new and importantly vital field—a principle observed more than half a century in reclamation law with regard to power financed by Federal funds—and that is a State and municipal preference for use of the power.

Senator Newlands, from Nevada, introduced the bill to set up what is now known as the Bureau of Reclamation in 1902.

The law has been amended many times since, but the principle has been carried through when public money is used to finance a power project, or where power is developed as a byproduct, such as, for example, the Boulder Dam, now Hoover Dam, and many other projects throughout the West. Public bodies—the States or municipalities—were given a flat preference under like conditions. The public bodies, States and municipalities, are given preference under the law; there is no discretion exercised by the Secretary of the Interior.

Do I understand correctly that there is a preference clause in this bill which would guarantee that the same policy is carried forward?

Mr. HICKENLOOPER. There is a preference clause in this bill for cooperative and public bodies, for all power produced by public bodies or the Atomic Energy Commission.

Mr. MALONE. Is the provision a flat preference under like conditions, or is such preference dependent upon the judgment of a commission or an individual?

Mr. HICKENLOOPER. It is indefinite to a certain extent.

The Senator from Nevada will find this provision on page 12 of the report, in the middle of section 44:

> In contracting for the disposal of such energy, the Commission shall, insofar as practicable, give preference and priority to public bodies and cooperatives—

Public bodies would include municipalities; and coperatives are really private bodies, but we put in the word "cooperatives" to emphasize it for understanding of Senators on the floor, "or to privately owned utilities providing electric utility services to high-cost areas not being served by public bodies or cooperatives."

I should like to proceed with my statement, but I wish to say that the reason why the term "insofar as practicable" was used in this bill is that the Atomic Energy Commission is not a commercial power-producing agency.

The Commission has authority to produce power if it gets the money from the Congress enabling it to do so. It has the authority to build any sized reactor for research and development, and to produce power on a commercial basis, if it feels the reactor is feasible and if it desires to build it. If the Commission builds such a reactor and has excess power resulting therefrom, and if there is a cooperative or a municipal body accessible to receive that power, there is no question in the world that this preference governs and controls. But the phrase is used because the Atomic Energy Commission is a research and development body, and in connection with its other installations and with its research and development, it might be not only desirable but almost necessary that it locate such experimental power-producing reactor in an area adjacent to certain facilities where there would be no cooperatives or no public bodies with accessibility to the power.

Mr. PASTORE. Mr. President, will the Senator yield at that point?

Mr. HICKENLOOPER. I yield to the Senator from Rhode Island.

Mr. MALONE. If the Senator will permit, I should like to follow through and complete my questions.

Mr. HICKENLOOPER. I have only 90 minutes.

Mr. MALONE. Perhaps we could get consent to devote more time to this important bill.

Mr. President, I should like to ask the distinguished Senator from Iowa why he believes that under this bill, which sets up a special body to develop power, the Commission would always give preference to a State or municipality in allocating the power.

Mr. HICKENLOOPER. On the basis of the language, which states that they shall give preference insofar as practicable.

Mr. MALONE. Who makes the decision who is to be the judge?

Mr. HICKENLOOPER. I suppose the Commission will make the decision. If there are a competitive cooperative or public body and private users, the Commission would have no recourse other than to give preference to the cooperative.

Mr. MALONE. Mr. President, I should like to say to the distinguished Senator from Iowa that we in the West have been dealing with this problem for more than a half century. The junior Senator from Nevada has personally dealt with the problem in his engineering practice for 30 years and as State engineer of his State from 1927 to 1935. The matter of preference is always the problem. The power from Boulder Dam, now Hoover Dam, when it was sold, was sold with the preference clause favoring the State of Nevada, the State of Arizona, the city of Los Angeles, and other southern California cities in their turns. There was no latitude given any official at all. The private companies and other agencies cooperated in such allocations.

Mr. HICKENLOOPER. I should like to correct the Senator's impression.

Mr. MALONE. Very well.

Mr. HICKENLOOPER. Those were plants built specifically for the purpose of producing commercial power as a commercial operation. The AEC is not in that business. It is not authorized to go into the business of producing public power or commercial power. It will produce usable power only in connection with whatever research and development activities it undertakes.

If we want to put Government money into any public bodies such as TVA, such as the Bonneville power district, such as any other public body, for the purpose of producing commercial power, which they do today, then a different type of

preference clause should be written in the bill.

Mr. MALONE. The Bureau of Reclamation is not in the business of producing commercial power, as such. It is in the business of building dams and projects to store water for irrigation, for flood control, and for other purposes, and incidentally producing power to contribute in amortizing the cost of such projects. The Bureau is not in the commercial power business, as such, at all.

Many of us have always been against the idea of the Bureau entering the business of commercial power as such. It is incidental to the objective of the projects and is for the purpose of repaying the cost.

They set a commercial price on their power to assist in repaying the cost, and the flat preference applies.

I have some knowledge of the commercial application of atomic energy. The production of nuclear power according to the learned professors and theorists was that it would be feasible within 25 or 30 years, but they ignored or did not know about the high-cost power areas in the intermountain and desert areas.

I discussed with the Commission when I first came to the Senate in 1947 the subject of feasibility. I maintained that feasibility was a relative term. Power is costing us 2 to 3 cents per kilowatt-hour in many of the desert and mountain areas in Nevada. We wanted the first commercial reactor built in Eureka, Nev.

We could have utilized from 20,000 to 30,000 kilowatts of power in that area.

The Commission decided to build a 60,000-kilowatt reactor, which is too big for the Eureka area. Our work in the promotion of the commercial reactor idea for the high-cost areas resulted in a rather extensive survey of such areas and the Eureka area was chosen at the highest cost and a favorable location.

Research was the original purpose of the Commission, but now it is going into 60,000-kilowatt reactors as a sort of pilot plant—and can go into any size reactor which they may later decide is necessary to prove same effective.

Does the Senator from Iowa see the distinction—that the Commission is the judge?

Mr. HICKENLOOPER. I see the distinction, except that I believe the Senator is making some assumptions with which I do not agree.

Mr. MALONE. I understand that the Senator does not see the lengths to which they can go.

Mr. HICKENLOOPER. The assumption, as I understand the Senator, is that the Atomic Energy Commission is going into the power business.

Mr. MALONE. It is in the power business.

Mr. HICKENLOOPER. It is not in the commercial power business. It is in the research and development business.

Mr. MALONE. We hope it will be commercial, and I think it will be.

Mr. HICKENLOOPER. But not as a business of the Commission. Once the Commission establishes the economic factors relating to power from reactors, then it is out of the power business from that time on. It may be turned over to any public power bodies or to any private people who can get a license to go into that business.

Mr. MALONE. If the Senator will further yield, this will be the last question I shall ask. There is nothing in the bill which puts the Commission out of the power business when it comes under the head of research or pilot plant experimentation—and the need for research never ends.

Mr. HICKENLOOPER. Yes, indeed, there is.

Mr. MALONE. They can continue to build experimental reactors, just as we continue to build dams for reclamation and flood control.

Mr. HICKENLOOPER. That is correct.

Mr. MALONE. If the distinguished Senator from Iowa will study the situation, he will see that if they are in the business only for research, it should not matter to them who gets the power. If the power is not attractive to a municipality or a State, then there will be no bids or requests for it; but if it is attractive to them, it should not make any difference to the Commission to whom the power goes; on the same basis, since what they will want to do is to dispose of it on a reasonable basis—if they need it for use of the Commission then it will not be offered for sale.

Mr. HICKENLOOPER. I suggest to the Senator that the Commission is today building 5 different types of reactors, using 5 different types of elements within the reactor, to see if they can get some answers on the question of economy, feasibility, practicability, and all that. Those are experimental and developmental reactors. The Commission may decide that 1 or 2 or 3 of those can be certified as practical reactors. After that, they get out of that reactor business.

Mr. MALONE. We hope it proves commercial and that they then get out of the business—but under the bill they can continue in business for further research.

Mr. HICKENLOOPER. According to this bill, that is what will happen. Of course, I do not know what future Congresses will do.

Mr. MALONE. Who is the judge when the decision is made that the reactors are practical? Practical where? Practical in the high-cost desert and mountain areas, or in the power centers where low-cost petroleum or coal is available? Who is the judge?

Mr. HICKENLOOPER. The Commission certifies to that.

Mr. MALONE. And it is the judge beyond any question under this bill—so it is particularly important.

Mr. HICKENLOOPER. It is the judge.

Mr. MALONE. It may continue to build reactors.

Mr. HICKENLOOPER. They may certify that a particular project is not a practical one, and they may go on to another type. They have five of them under consideration right now.

Mr. MALONE. I point out to the distinguished Senator that the setting of such a policy—allowing a public officer to use his discretion in allotting the power—would be a precedent in the Congress of the United States. We would then have the precedent of public money—taxpayers' money used to finance a product without a flat preference clause.

Now, if they are only in the business to develop power for research, then it does not make any difference to them as to the principle involved in the disposal of it, and I suggest to the Senator that the best thing to do would be by unanimous consent or by returning it to committee and to delete those words, "insofar as practicable," and I so suggest at this moment.

The more than half century principle would then be carried on, that when taxpayers' money is utilized to develop a commercial product then public bodies would have preference in its utilization.

Mr. HICKENLOOPER. I do not know what the parliamentary situation is on this particular matter. I yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, it was my intention to make the same observation. I am frank to admit that all the phrase "insofar as practicable" does is to confuse the minds of many who are interested in giving effect to the additional preference by furnishing the power developed to public projects and cooperatives. Personally, I feel there is no legal meaning that would disturb that traditional purpose of the Congress, but I think it is regrettable that the language was inserted, because, in explaining this feature of the law, whether much power or little power is produced, the fact of the matter is that we intended that that power, if and when distributed, would be distributed according to the Federal Power Act.

By adding the words "insofar as practicable," I think all we have done is to confuse the matter.

Mr. HICKENLOOPER. I have no objection to having a mandatory preference without the phrase "insofar as practicable," but I do not feel that I have the responsibility, as an individual, at this moment to accept any suggestion about eliminating those words, by unanimous consent or otherwise. I may consult a little with some of those assisting me, if the Senator will be patient with me. Based on the fact that I believe this gives a preference to public bodies and cooperatives whenever they are accessible to receive the excess power, I do not disagree with the Senator's theory. I can say that.

Mr. PASTORE. I wish to say to the Senator that under parliamentary procedure I do not see how the Senator can agree to such a suggestion. I think the Senator must take the bill back to conference and have the words eliminated there.

Mr. HICKENLOOPER. I do not know whether unanimous consent on the floor of the Senate could take care of the matter. It is my opinion that we could not delete those words without submitting the matter to the other body, but I am out of my element in passing on this parliamentary situation.

The Senator from Tennessee has been desirous of asking a question, and I yield to him.

Mr. GORE. I appreciate the Senator's yielding. In my opinion the able junior Senator from Nevada [Mr. MALONE] has put his finger on the tender spot, insofar as any preference is concerned.

Mr. MALONE. Mr. President, I should like to say that I am for the bill, I am for a proper utilization of this new field. It is a terrific new field, and I believe within the reasonably near future nuclear power will be utilized generally in the high cost power area in the desert and mountain areas of Nevada and the Intermountain States.

I do not want anything to prevent my being for the bill wholeheartedly all the way through, and I do not want to see a precedent set when it is entirely unnecessary, that will destroy the half-century old principle of preference to public bodies for utilization of publicly financed power.

The principle set by the reclamation law 53 years ago by the direction of the Nevada Senator, Mr. Newlands, has worked well; it has protected the public who financed the development; let us continue the principle in the new field of nuclear power.

Let us keep the confidence of the taxpayers, who put up the money for the necessary Federal financing of the projects.

The use of nuclear energy and the entire field of use of atomic energy will be a great boon to civilization in the foreseeable future.

Mr. GORE. I share the sentiments of the Senator.

I want to ask the distinguished Senator from Iowa how he would think the veterans' organizations of the country would react if we changed the veterans' preference laws, and in every place where a veteran was given preference we wrote in the words "insofar as practicable."

Mr. HICKENLOOPER. With all due respect to the Senator from Tennessee, I do not see the cases are within gunshot of being comparable. I have already explained the matter so far as my view and the view of the committee is concerned. If, as, and when public-power groups or cooperatives are accessible to receive the surplus power, in my judgment, it will be mandatory that they receive it. However, this provision eliminates the mandate to the Commission that they must build an experimental reactor at some place where it is not practicable for them to do it, if they are to have access to the power.

I agreed to yield to the Senator from Alabama just a moment ago, and I now yield to him.

Mr. HILL. I desire to ask the Senator if it is not true, from a parliamentary standpoint, that the only way in the world that the words "insofar as practicable" can be taken out of the bill and out of the conference report is for the Senate to vote down the conference report and send the bill back to conference.

Mr. HICKENLOOPER. I am not an expert on that point, and I would hesitate to answer the question, but I might as well say to the Senator now that if the report is voted down today, in my judgment, that will mean the practical death of the bill, and so I do not believe it can be done.

Mr. HILL. I have seen a good many conference reports voted down because either the Senate or the House wanted certain changes made, and the bills went back to the conference, and the desired changes were made. The only way in the world in which these words can be taken out of the bill before it is enacted into law is to send it back to conference. The Senate in and of itself cannot eliminate those words.

Mr. HICKENLOOPER. That may be an argument in opposition to the adoption of the report. I have only 90 minutes, and I have a statement which I insist on getting into the RECORD, if I can. I should like to be as courteous as I can within the time limitations, but I would now like to make the statement.

I shall now yield to the junior Senator from Virginia for a question, and after that I would ask the indulgence of the Senate that I be not interrupted until I can get my short statement into the RECORD in the way in which I would like to have it appear, and then I shall discuss it during any time I have left.

Mr. ROBERTSON. Mr. President, the junior Senator from Virginia is disturbed about two points in the conference report, which I should like to hear the distinguished Senator from Iowa discuss. One is the question of monopolistic control. The junior Senator from Virginia does not want to vote for monopolistic control.

Mr. HICKENLOOPER. I join the junior Senator from Virginia in that sentiment, and there is not one slight iota of monopolistic control in this bill. I give the Senator that assurance as my firm belief.

Mr. ROBERTSON. The second point is that the junior Senator from Virginia has voted, every time he has had an opportunity to do so, to give farmers preference in securing power produced by a public plant. I wonder now if the distinguished Senator is for the farmers.

Mr. HICKENLOOPER. Indeed; and so is this bill. The bill gives them preference where they have accessibility to the excess power which will be developed by the Atomic Energy Commission in connection with research and development activities. It gives preference to cooperatives and public bodies where they have access to such power.

Mr. ROBERTSON. There have been inserted the words "insofar as practicable." Those words have been written into the Johnson amendment, the Humphrey amendment, and the Pastore amendment. In each case where preference was given to farmers, it has been qualified by saying, "Well, if we find it practicable to do it, we will do it; otherwise, you do not get your preference."

Mr. HICKENLOOPER. I attempted to touch on that point a moment ago in my discussion with the Senator from Nevada [Mr. MALONE]. The Atomic Energy Commission is not a commercial power-producing agency. Its primary purpose is research and development. If the Commission were to find that it is necessary in order properly to perform their duties, to locate an experimental commercial power reactor in the immediate vicinity of some of their other installations in order to have the cooperation and assistance of those other installations, and there are in the area no public power groups or no cooperatives that can take it, then, of course, there is a question of practicability so far as the location is concerned. If there are public power bodies or cooperatives that can take it, they are given the preference under the proposed law absolutely, and we intended it so, and I think we have written it into the bill.

Mr. MUNDT. Mr. President, will the Senator yield on that particular point?

Mr. HICKENLOOPER. I announced a moment ago that I preferred to get my statement into the RECORD, and at the time I yielded to the Senator from Virginia I asked not to be further disturbed. However, I will yield to the Senator from South Dakota, but I have only 90 minutes, and much of that time has expired.

Mr. MUNDT. My particular point deals with the preference clause phrase, and I should like to say just a word on that point.

The manager of one of the largest REA cooperatives in the country is Mr. V. T. Hanlon, of my hometown, who lives in Madison. He is a neighbor of mine, and manager of the East River Co-op.

Mr. Hanlon is interested in trying to bring eventually, when the proper time arrives, some kind of REA power, atomically produced, to his great cooperative. I am interested in helping him in that desire.

I have a telegram from Mr. Hanlon asking for an explanation of the preference provision as it appears on page 12 of the report, and the phrase "insofar as practicable," to which the Senator from Virginia referred. I have a similar telegram from the president of the South Dakota Rural Electric Association, Mr. A. C. Hauffe, of Leola, S. Dak.

Mr. President, I ask unanimous consent to insert in the RECORD at this point the telegrams to which I have referred.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

LEOLA, S. DAK., *August 7, 1954.*

Senator KARL MUNDT,
Washington, D. C.:

I urge you to vote for commitment of atomic energy bill to committee. Bill must not be passed without features protecting the right of preference for power. Also the many benefits of atomic research and power must be made available to cooperatives and others as well as the few powerful corporations.

A. C. HAUFFE,
President, South Dakota Rural Electric Association.

MINNEAPOLIS, MINN., *August 10, 1954.*

KARL MUNDT,
Senate Office Building:

Urge you to help restore preference language in atomic energy bill by referring same to conference.

V. T. HANLON.

Mr. MUNDT. Do I correctly understand that it is the opinion of the conferees, the opinion of the committee, and the opinion of the REA Administrator, that the bill provides complete protec-

tion of the preference clause insofar as farmers and REA's are concerned? At some time there may be in some area of the land a place where there is no REA, and an atomic energy plant might be built there for some security reason, and so far as the phrase "so far as practicable" is concerned——

Mr. HICKENLOOPER. My view and the view of the committee is—and it is my intention and the intention of the committee—that the "insofar as practicable" phrase goes to the question of the location in keeping with the Atomic Energy Commission's responsibility as a research and development agency. If the Atomic Energy Commission should decide it should build a research and development plant directed toward experimentation, to receive data and information on commercial power, in the eastern part of the Senator's State, there are REA cooperatives and public bodies which have an absolute preference under this bill. There is no possible question about it, if they are accessible to the power generated in connection with that development.

Mr. MUNDT. It is that particular phase of this situation in which I am interested, because, obviously, if a plant is built in some area which the REA does not serve, that is another question.

Mr. HICKENLOOPER. The question was discussed in our committee meeting. Suppose that at some time in the future the Atomic Energy Commission should say, "We believe it is desirable and proper to construct a plant in one of the New England States, in a high-cost area." The Senator from Nevada may have a high-cost area in his State. A place is found where it is desirable, for various scientific reasons, to construct the plant. There is no municipal body within 120 miles of that place; there is no cooperative within 120 miles of it. Suppose the Atomic Energy Commission says, "If we maintain absolute preference under this situation we shall have to operate an uneconomical line or use discretion as to whether it should be disposed of at whatever price is practicable."

Mr. MUNDT. It is important that the legislative history in connection with this conference report be very clear, because it can be a guide to future administrators. It is important that the statement of the chairman of the conference committee be very clear, and I think it is important that there be something in the RECORD from the REA itself, because we wish to make sure that in areas where there are municipalities, where there are State or public bodies, the preference clause will in no sense be weakened or vitiated by anything we may do here today.

Mr. HICKENLOOPER. Let me say that as quickly as I can read this prepared statement into the RECORD, I shall bare my breast to any questions that Senators may have to ask me.

I have been in touch with the Director of the REA. He is at the present time in Alaska on some REA business. I received a telegram from him which I shall ask to have placed in the RECORD in a little while.

Mr. MALONE rose.

Mr. HICKENLOOPER. I now yield to the Senator from Nevada.

Mr. MALONE. I wish to draw the attention of the distinguished Senator from Iowa to one fact with reference to what he has referred to as a high-cost area. He said the Atomic Energy Commission might have to build an uneconomical transmission line presumably to deliver the power. If he had given it due consideration I am sure he would realize that the public body must receive the power and deliver it to the place of use. If the operation is uneconomical, it will not apply for it. It is a matter of preference to utilize it. If a public body does not apply for it within the reasonable time set by the Commission, then general bids may be received.

Mr. HICKENLOOPER. So far as I am concerned, I have stated my own position. The provision was maintained because it was sought to protect the opportunities of certain high-cost areas. We went along with the idea. I am stating my assumption that if the power is accessible to REA or any other public body on a reasonable basis, they should have a preference.

Mr. ANDERSON. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. As one of the conferees, I believe, with the Senator from South Dakota and the Senator from Nevada, that those words should not have been inserted if they do not mean something.

Mr. MALONE. They do mean something.

Mr. HICKENLOOPER. Mr. President, I again ask that I be not interrupted until I finish my prepared remarks.

PRODUCTION OF POWER BY THE COMMISSION

The committee of conference has worked out many points of difference between the House and Senate versions of the bill.

One of the more controversial items in the bill related to the ability of the Federal Government to enter the business of commercially producing electricity from atomic energy. This was encouraged by the Senate—Johnson—amendment which added section 45. The bill as introduced did not preclude Federal agencies from getting licenses from the Commission, and in fact permitted them to obtain licenses on an equal footing with other applicants for licenses. The amendments made by the committee of conference to sections 103 and 104 reinforce this fact. Specifically, they make it clear that the Commission must issue licenses to persons who might apply therefor if they are otherwise qualified. In the dennition chapter of the bill, the term "person" is defined to include "any public or private institution, group, Government agency other than the Commission, any State or any political subdivision of, or any political entity within a State or other entity." Thus, "persons" clearly include all Federal agencies other than the Commission.

In addition, the committee of conference added a new section to the bill, section 273, which reincorporates as a separate section the sentence in the Senate amendment dealing with the right of other Federal agencies to obtain licenses. There are public agencies, State and Federal, which are well versed in the problems of distribution of energy for commercial purposes. If these agencies desire to generate electricity from atomic energy they may obtain licenses to do so. If the number of licenses which can be granted is limited at the time when these public agencies are applying for licenses, they will be preferred according to the terms of section 182c.

With respect to the ability of the Commission to build large scale reactors, the committee of conference clarified what had been the intent of the legislation as it was introduced, namely, that the Commission would be—and is presently—empowered to build full-scale reactors if they are being built as part of the research and development program of the Commission in order to prove out as practical a particular type of reactor.

Mr. President, under existing law the Commission is assisting in the building of five different types of reactors. It already has the authority to do so. The five types are: a pressurized water reactor, a boiling water reactor, a sodium-graphite reactor, a homogeneous reactor, and a fast breeder reactor. As I recall, they range from approximately 10,000 kilowatts capacity to 60,000 kilowatts capacity.

The Commission now has the authority to do this, and is doing it. The bill amplifies and clarifies the fact that the Commission can do it. Under the bill, if Congress gives the Commission power, the Commission can build a 1 million kilowatt reactor as a part of its experimental and developmental activities. The Commission could do it under the old law, also, if it could get the money from Congress.

In order to accomplish this, clarifying language was added to the section dealing with the research and development program of the Commission, section 31 a (4). Among the research and development activities specifically authorized there are now included those relating to building and testing full-scale atomic-powerplants.

The House adopted an amendment specifically prohibiting the Commission from engaging in the commercial sale of electric power except for the power generated in connection with research and development facilities or that generated at production facilities of the Commission. This was retained by the conferees as part of section 44.

I reiterate what I have said several times, that that provision was included so as to state clearly and make certain beyond question that the Atomic Energy Commission's research and development group in government is not in the business of building commercial powerplants for the purpose of the commercial sale of power. If it is desired to have the Government sell power commercially, other governmental agencies could do that, or could equip themselves to do it; or a special Government agency could be created to go into that business. But the Atomic Energy Commission's research and development group should

not be in the business of the production and sale of commercial power. I wish to make that perfectly clear.

The Atomic Energy Commission, if it builds a 1 million kilowatt reactor as an experiment, can sell as much power as it does not need; but to go into the business of building reactors throughout the country, for the purpose of producing commercial power, no. That should rest with other agencies, public or private.

That portion of the Senate amendment relating to Commission operation of powerplants which would have exempted the construction or expansion of such plants from specific congressional authorization was removed from section 261 as being contrary to the intent of the sponsors of the amendment. The Commission must, under the conference bill, obtain specific congressional authorization as well as appropriations for each new plant, construction, or expansion regardless of the type of plant involved.

That is nothing unique. This principle is followed throughout most of the departments of the Government. If the Commission seeks to build new plants, it will have to come to Congress for the money. This provision does not apply uniquely to the Atomic Energy Commission; it is in keeping with policies which have been established for a long time.

FEDERAL POWER COMMISSION AUTHORITY (SEC. 183 E)

Another Senate amendment, the Humphrey amendment, added section 183 e, required licensees operating utilization or production facilities under section 103 to be subject to the regulatory provisions of the Federal Power Act. This was moved to a new section, section 272. It provides a specific statement in the bill that the jurisdiction of the Federal Power Act is applicable to commercial electrical energy transmitted in interstate commerce or marketed at wholesale in interstate commerce without regard to the fact that such electricity is generated from atomic energy. While it was the contention of the sponsors of the bill that this effect was obtained by the provisions of section 271, this amendment was accepted and retained in substance by the conferees on the theory that it was a specific restatement of the applicability of the Federal Power Act.

BYPRODUCT ENERGY PREFERENCE (SEC. 44)

The preference in the disposal of energy created by the Commission which was given to specific bodies and cooperatives has been retained in substance by the Gillette amendment, section 44, while giving the Commission some leeway in arranging its research and development contracts so that contracts such as they recently entered into with the Duquesne Light & Power for the construction of the first atomic reactor of a certain type in the research and development program of the Commission will not be hindered.

That happens to be the 60,000 kilowatt reactor, for which the Duquesne Light & Power Co. is contributing $35 million, and the United States Government $50 million. It is a combination operation, which is located at Pittsburgh.

The phrase "insofar as practicable" was inserted as a relief from the absolute character of the preference clause adopted by the Senate. Such absolute preference denies to the Commission the discretion needed to meet purely technical problems of sale of power. At the same time the preference for high-cost areas was retained.

PRELICENSING ANTITRUST PROVISION (SEC. 105 C)

With respect to the advice that the Commission receives from the Attorney General before issuing any license, the basic thought of another Senate amendment—Humphrey—section 105 c—was retained, in that the amendment required the Commission not to issue a license after the Attorney General has given advice that the issuance of such license would create a situation inconsistent with the antitrust laws. Where this amendment would require the Commission to be bound by the ruling of the Attorney General—that is, if he said that, in his opinion, it was inconsistent with the antitrust laws—unless the President finds that the issuance of such a commercial license is essential to the common defense and security and publishes the findings in the Federal Register, the conference report requires the advice of the Attorney General to be published in the Federal Register. This Senate amendment as it stood would have made the Attorney General—the prosecuting officer of the Federal Government—a judge and jury. This is not an appropriate role for the prosecuting attorney to play. Furthermore, there was no provision requiring the Attorney General's advice to be given on the basis of a hearing or to be subject to judicial review. The committee of conference believes that the benefits of this amendment can be obtained simply by requiring the publication of the Attorney General's findings without, at the same time, putting the Attorney General into a new role.

ELECTRIC UTILITY CONTRACTS (SEC. 164)

The committee of conference retained the Senate amendment—Ferguson—section 164—which permits the Commission to enter into contracts for electric utility services, where such electric utility services are to be furnished to the TVA as replacement for electric utility services by the TVA to the Commission.

In addition, a further Senate amendment — Gore — which prohibited the Commission from entering into contracts requiring the direct payment or direct reimbursement of Federal income taxes was substantially retained. The latter amendment prohibited any tax payments, either directly or indirectly. Senate debate on this amendment indicated that it was the intent of the sponsors of the amendment not only to prohibit direct payments but to permit inclusion of Federal income taxes as an element in the computation of the cost of the product purchased by the Government for the purpose of establishing a rate structure. I think that is the language which was used in the debate on the floor of the Senate. This intent is contained in the conference bill.

PATENTS

The major difficulty in the committee of conference was the patent provision. The Senate adopted a provision requiring compulsory licensing of all patents for which applications are filed within the next 10 years. The House did not accept the compulsory licensing route but adopted the provisions suggested by the chairman of the joint committee—section 152.

That was the action of the House when the bill was considered originally by that body. The House repudiated the compulsory patent features.

These House provisions require that each applicant for a patent in the atomic-energy field must file with his application a statement under oath setting forth the circumstances under which the applicant made or conceived the invention or discovery. The Commission is given the opportunity of saying whether it agrees with the conclusions of the applicant. If there is a dispute the question of whether the invention or discovery was made or conceived during a Commission contract is to be litigated before a Board of Patent Interferences in the Patent Office. The normal function of this Board is, and for many years has been, to determine the dates of making or conceiving of discoveries and inventions in order to decide who has a prior claim on an invention. The only burden that the House procedure adds to the Board of Patent Interferences which is beyond its normal duties is interpreting a contract or agreement to decide whether or not a particular invention falls within the terms of that agreement. It should be noted that this provision was not intended to apply to licensees of the Commission or to persons doing independent work, involving only a Commission security clearance, and not contractual arrangement.

The underlying thought behind the compulsory licensing of patents was carried over in the committee of conference. The committee adopted a provision—section 182 (d)—requiring the Commission to give preference in the issuance of commercial licenses to those people who agreed to make their inventions in the atomic-energy field available to other licensees of the Commission on reasonable royalty basis for a 5-year period. In the case of research and development facilities the Commission was given authority to follow such a preference although it was not required to do so.

Mr. KERR. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. Will the Senator from Oklahoma please permit me to make my formal statement for the RECORD? Then I shall yield to him.

The underlying principle of one Senate amendment, the Langer amendment, section 156, was that those who used patents in violation of the antitrust laws should be required, when found by a court to have been guilty of violating the antitrust laws, to license those patents to all other persons upon payment by the users of a reasonable royalty fee.

The House chose its approach because of doubt as to the constitutionality of compulsory licensing. The Constitution specifically empowers the Congress to "promote the progress of science and useful arts, by securing for a limited time

to authors and inventors the exclusive right to their respective writings and discoveries." This language raises a very serious doubt as to the ability of the Congress to confer any rights on inventors except exclusive rights. Compulsory licensing is clearly the granting of a nonexclusive right, and I might add for the period of time during which it may be in effect. Enactment of the compulsory licensing provisions would inevitably lead to judicial interpretation, and there is a very strong possibility that the provisions would be found to be invalid. Such a finding would then leave the atomic-energy program without any of the patent safeguards which would otherwise be available.

The provisions selected by the committee of conference for inclusion with respect to patents give protection against the basic fears of patent monopoly, and they give protection without raising any serious constitutional problems. The House amendment, which insures that Commission contractors cannot use their position to acquire patents to which they are not entitled, has no time limit. This is a continuing protection even beyond the 5 or 10 years discussed in connection with compulsory license. The provisions of the Langer amendment reach patents used in violation of the antitrust laws. These are the basic problems which compulsory licensing is designed to mean.

I should add that the language of the Senate amendment, which is the Kerr amendment, section 155, with respect to the amounts of royalty to be determined where there is cross-licensing under the provisions of the conference substitute, has been retained in that the licenses are not exclusive, and that the royalties are to be not less favorable than the patent owner or the Commission grant for similar uses to similar licensees.

Now I shall yield to the Senator from Oklahoma, if he desires me to. I thank him for his indulgence. I wanted to get my entire statement into the RECORD.

Mr. KERR. I think the Senator referred to section 782d in the conference report, and, as I understood his statement, he said that there would be restrictions with reference to any license granted under section 103 of the bill.

Mr. HICKENLOOPER. Restrictions?

Mr. KERR. Restrictions in the nature of making the license nonexclusive, so that there could be cross-licensing.

Mr. HICKENLOOPER. Yes. The provision in general is that the Commission shall give preferential consideration—I believe that is the language—to those applicants for a license——

Mr. KERR. If I may interrupt, to those applicants for what license?

Mr. HICKENLOOPER. For a license under section 103, which is the commercial production licensing section, and that the Commission may—the word "shall" refers to section 103—give such consideration to applicants under section 104, which is the experimental licensing provision, who include in their application for their licensing agreement that they will cross-license any patent which they may develop within a 5-year period with other licensees who hold licenses from the Commission, at a reasonable royalty fee, to be fixed by the Commission under the procedure set up under the bill.

Mr. KERR. If the Senator from Oklahoma understood the Senator from Iowa, section 182 d applies only to those seeking a license under section 103?

Mr. HICKENLOOPER. Let me get the exact language for the Senator. I am about to read from page 36 of the conference report.

Mr. KERR. Is the Senator about to read from section 182 d?

Mr. HICKENLOOPER. I am about to read from section 182 d of the proposed bill.

Mr. KERR. Of the conference report?

Mr. HICKENLOOPER. Yes, of the conference report which is before us.

Mr. KERR. The only place in which the word "shall" occurs there is with reference to a license under section 103.

Mr. HICKENLOOPER. I so stated to the Senator from Oklahoma a moment ago.

Mr. KERR. I am not arguing with the Senator; I am merely trying to make something clear.

Mr. HICKENLOOPER. With reference to section 104, which is the research and experimental licensing section of the bill, it says that the Commission "may."

Mr. KERR. But the commercial licensing to which the Senator has referred is contained in section 103, is it not?

Mr. HICKENLOOPER. That is correct.

Mr. KERR. The only place where the word "shall" appears under section 182 d is with reference to patent licenses under section 103. Is that not correct?

Mr. HICKENLOOPER. The Senator is correct.

Mr. KERR. What licenses are contemplated under section 103?

Mr. HICKENLOOPER. I will have to say to the Senator from Oklahoma I do not know, and I do not think anybody else knows what the future holds in that regard.

Mr. KERR. I will ask the Senator if it is not very clearly set forth in section 102.

Mr. HICKENLOOPER. It says licenses in connection with processes and any other matters which may be found to be usable.

Mr. KERR. I think the answer to the question will be found in section 102. If it goes beyond that, I would like to have the Senator tell me what it is.

Mr. HICKENLOOPER. I again say I do not know. I do not know what the licenses will be. I shall read into the RECORD section 102, but I say nobody has a crystal ball to look into and see what may eventuate in the future.

Mr. KERR. Will the Senator read section 102 and see if that does not define what is available under section 103?

Mr. HICKENLOOPER. Section 102 reads:

> Whenever the Commission has made a finding in writing that any type of utilization or production facility has been sufficiently developed to be of practical value for industrial or commercial purposes, the Commission may thereafter issue licenses for such type of facility pursuant to section 103.

That has nothing specifically to do, except in production generally, with licenses. Here is the procedure: Any person or organization, public or private, who wants to go into the business of trying to make heat, or use uranium to turn generators to make electric energy, will have to come in under section 104 d and get a license to build an experimental reactor. After he has built the reactor, and the Commission has looked it over and made a finding that that particular type of reactor—and there are a number of types, at least in theory, and probably they are feasible—has been sufficiently developed to be of practical value for industrial or commercial purposes, then he must apply to the Commission, under section 103, under the commercial clauses, for a license to use that type of reactor for commercial purposes.

Mr. KERR. Will the Senator yield further for a question at that point?

Mr. HICKENLOOPER. I yield.

Mr. KERR. The word "shall" in section 182 d does not apply, subsequently to what the Senator has just referred to, as being necessary to take place.

Mr. HICKENLOOPER. That is correct. The word "shall" applies to section 103, which refers to the commercial operation in this field.

Mr. KERR. Is it not a fact that section 182 d in the conference report expires 5 years from the date of the agreement to the conference report?

Mr. HICKENLOOPER. That is correct.

Mr. KERR. Does the Senator think any of that 5-year period will be subsequent to what he has described as having to take place with reference to a license for a research development under section 104, and then with reference to the granting or securing of a license under section 103? Does the Senator think any of that 5-year period will still apply subsequent to that time?

Mr. HICKENLOOPER. I think it may well be, although I cannot look into the future. I will say to the Senator that I had a call yesterday from an organization in the eastern part of the United States that has been doing some work on this matter. The person to whom I talked said, "We have a reactor. We are ready to go to work on building a prototype reactor. We are convinced it will be a commercial reactor, and we think it is all right. We think we will have it operating in a year. We would like to get into production. What do your licensing provisions require?"

I said, "You will have to read it and get your attorney to look into it."

Mr. KERR. Mr. President, will the Senator yield for another question?

Mr. HICKENLOOPER. That is one group which said, "We think we can have a commercial reactor in operation." I do not know that I agree with them.

Mr. KERR. Madam President, will the Senator yield for another question?

The PRESIDING OFFICER (Mrs. BOWRING in the chair). Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. HICKENLOOPER. I yield.

Mr. KERR. Sections 102 and 103 of the conference report are practically identical with the sections which appeared in H. R. 9757, when the committee reported it to the Senate several weeks ago, are they not?

Mr. HICKENLOOPER. I think that is substantially correct.

Mr. KERR. At that time the committee was of the opinion that section 152 was a necessary addition to H. R. 9757.

Mr. HICKENLOOPER. Will the Senator state the question again? I have section 152 before me now.

Mr. KERR. The Senator from Iowa has advised me that sections 102 and 103 in the conference report are practically identical with the sections as they appeared in H. R. 9757, when the bill came to the Senate several weeks ago.

Mr. HICKENLOOPER. The Senator is substantially correct. There may be some slight variations, but the intent and purposes are the same.

Mr. KERR. To all intents and purposes they are the same?

Mr. HICKENLOOPER. Yes.

Mr. KERR. At that time the Senate and the committee felt that section 152 was a necessary addition to the bill?

Mr. HICKENLOOPER. At that time, yes. That is the compulsory licensing section. I think the Senate felt it was a necessary addition.

Mr. KERR. Did the committee not feel it was a necessary addition?

Mr. HICKENLOOPER. I forget what the vote was, but I think the committee inserted it.

Mr. KERR. It was in the bill when it was brought to the Senate; was it not?

Mr. HICKENLOOPER. The committee inserted it. I am sure it was felt to be necessary.

Mr. KERR. Will the Senator tell the Senate——

Mr. HICKENLOOPER. I am not so certain that all the provisions are necessary.

Mr. KERR. Will the Senator tell the Senate where any part of section 152 can be found in the conference report?

Mr. HICKENLOOPER. It has been entirely removed, in the conference report, with the exception of section 182 d.

Mr. KERR. But the only place in section 182 d where the word "shall" appears is with reference to licenses to be issued in connection with section 103.

Mr. HICKENLOOPER. The Senator is correct.

Mr. KERR. Those licenses were made available under the bill when it passed the Senate.

Mr. HICKENLOOPER. That is correct.

Mr. KERR. Licensing under section 103 was in the bill when we passed it.

Mr. HICKENLOOPER. The Senator is correct.

Mr. KERR. At that time the Atomic Energy Commission, the Senator from Iowa, and the Senate felt that section 152 was a necessary part of the bill, in addition to section 103.

Mr. HICKENLOOPER. Yes. I think the committee felt it was a proper provision. But I assure the Senator that the majority of the committee thinks that section 182 (d) is wholly adequate to meet certain objections which might have been heard before, and accomplishes the desired purpose.

Mr. KERR. Madam President, will the Senator yield for one more question?

Mr. HICKENLOOPER. I am delighted to yield. I have occupied the floor for almost 1 hour of my total allotment of one and a half hours. Other Senators supporting the conference report are entitled to some opportunity to be heard. I do not wish to monopolize all the time. Also, I wish to give Senators opposing the conference report an opportunity to discuss it.

Mr. KERR. First, I thank the Senator for his very gracious courtesy to me in this colloquy, as well as when the bill was before the Senate.

The Senator from Iowa has said he could not look into the future and foresee what might be the situation.

Mr. HICKENLOOPER. What type of patent is referred to? The fundamental patents in this field already belong to the Atomic Energy Commission and are in the public domain. As a matter of fact, they are available without charge.

Mr. KERR. I shall discuss that subject in a little while.

I ask the Senator if, at the same time he tells us he cannot foresee the future, he is not asking the Senate and the Congress if we accept section 182 (d) in lieu of section 152, to take a leap in the dark?

Mr. HICKENLOOPER. I do not wish to take the time to discuss that question fully. In the Atomic Energy Act of 1946 covering the whole field of atomic energy, we took the biggest leap in the dark that we have ever taken. We had only the least idea of what would happen. We knew that the bomb would explode, but we did not know anything further. We wrote the bill and took a leap in the dark. We provided safeguards. We gave discretion in many cases. The Atomic Energy Act of 1946 has worked quite well, but the situation has changed.

It is time for the American economy to take part in this industry. We shall have to take some reasonable chances, with reasonable safeguards, in order to permit this great art to expand in a great free economy.

Mr. KERR. Previously, however, every patent developed under the Atomic Energy Act of 1946 either belongs to the Government or was available to the Government.

Mr. HICKENLOOPER. The fact that the Government was preempting patents and rights theretofore considered sacred property rights of individuals was a theory which was revolting to every member of the committee who participated in writing that particular bill, but we knew of no other way to accomplish the desired end at that particular moment.

Now we think it is time that the American economy, at a reasonable time in the future, should be permitted to have access to this information and use its genius in that field.

Mr. KERR. Again I thank the Senator for his courtesy to me.

Mr. PASTORE. Madam President, will the Senator yield to me for one question?

Mr. HICKENLOOPER. I yield.

Mr. PASTORE. As a preface to my question, let me recapitulate my understanding of what has been presented by the Senator from Iowa.

Under the procedure provided by this proposed law, as the Senator has explained in the first instance an applicant comes in under section 104 (b), which provides for research in this particular field.

Mr. HICKENLOOPER. That is substantially correct. Let me clarify that point. It is conceivable that someone may "cook up" in a basement somewhere a reactor which the Commission might look at and say, "This is a practical reactor. We will permit you to apply under section 103, because you have already built the reactor. You did not apply under section 104 (b)." However, I doubt that such a thing will occur.

Mr. PASTORE. In any event, that applicant or individual comes in under the provisions of section 104 (b).

Mr. HICKENLOOPER. That is correct.

Mr. PASTORE. Until the point is reached, under section 102, where the particular utilization reaches the level of practicability; is that correct?

Mr. HICKENLOOPER. That is correct.

Mr. PASTORE. The procedure is then covered under section 103 (b)?

Mr. HICKENLOOPER. But the individual must apply and be rescreened.

Mr. PASTORE. I shall come to that point in a moment.

When the individual applies under section 104 (b), it is discretionary with the Commission as to whether or not it will enforce the preference, insofar as obligating the applicant to agree that he will cross-license for a period of 5 years is concerned?

Mr. HICKENLOOPER. The Senator is correct.

Mr. PASTORE. At that point it is discretionary. We are dealing with one applicant. When that one applicant comes under section 103, when he applies for the commercial utilization of this development, it is mandatory upon the Commission, under section 182, to require the licensee, if he wants to obtain the preference, to agree to cross-license for a period of 5 years.

Mr. HICKENLOOPER. If he wants it. It says "The Commission shall give preference."

Mr. PASTORE. That is correct.

Mr. HICKENLOOPER. I do not wish to be misunderstood. It is not obligatory.

Mr. PASTORE. The question I desire to ask the distinguished Senator from Iowa is this: How are we to invoke the preference if only one person is being dealt with?

Mr. HICKENLOOPER. In the case of only one individual the preference is not involved.

Mr. PASTORE. In other words, if we are dealing with one individual, the entire preference feature of section 182 is not worth the paper on which it is written.

Mr. HICKENLOOPER. If we are dealing exclusively with one individual, that is correct. I do not believe there is much likelihood of such a situation.

Mr. PASTORE. Very well. Let me begin by referring to section 104 (b). When the work has reached the point where the application is practicable, section 103 applies. We are always dealing with one individual. Where is the rivalry or contest?

Mr. HICKENLOOPER. Under section 104 (b) undoubtedly a number of individuals will be pursuing the same theory.

Mr. PASTORE. Perhaps at intervals of 1 or 2 or 3 years?

Mr. HICKENLOOPER. I am assuming that they will start to work as quickly as possible. Several individuals will be pursuing the same theory. When the theory becomes practicable, and has been certified, several applicants will be found working on the same theory, and the preference will apply.

Mr. PASTORE. Will the Senator permit me to ask one more question?

Mr. HICKENLOOPER. Yes.

Mr. PASTORE. I am perfectly willing to have this discussion charged to my own time, if the Senator feels that would be fair.

Mr. HICKENLOOPER. That is quite all right. I wish to yield further time to this side, however.

Mr. PASTORE. The Senator has said the reason why the conferees eliminated the compulsory licensing feature was that they were afraid the entire act might be vitiated on the ground that it was unconstitutional. Is that correct?

Mr. HICKENLOOPER. That question was raised in the House. It was raised in the committee. Arguments which are quite persuasive to many persons indicate that there is a constitutional question.

Mr. PASTORE. Could not that constitutional question be taken care of by obligating and requiring every applicant for a license to agree, before he received the license, that for a period of 5 years he would, at a reasonable royalty, grant to anyone who wanted it the use of that license, which was affected with the public interest?

Mr. HICKENLOOPER. That could be done. It was not done in the conference report.

Mr. PASTORE. In other words, all these arguments of unconstitutionality are nothing more than "eyewash."

Mr. HICKENLOOPER. I do not agree to that statement. I said that that language could have been adopted by the conference committee. It could have been put into the conference bill, but it was not.

Mr. PASTORE. That would not have raised the question of unconstitutionality, would it?

Mr. HICKENLOOPER. I have not undertaken any research on that matter. I could not answer the Senator's question.

Madam President, I should like to terminate this portion of my remarks and yield to the Senator from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. I yield to the distinguished Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. I shall vote against the adoption of the conference report.

First, I wish to say to the able Senator from Iowa [Mr. HICKENLOOPER] that I have appreciated listening to his discussion today. The Senator from Iowa, in my opinion, tried hard to make possible a conference report to which there would be agreement. Throughout the entire conference, his attitude was one of trying to develop a good bill which would be acceptable to both the House and the Senate. I should certainly feel ashamed of myself if I did not say that, while I disagree with his final conclusion, I can only commend the conduct he maintained throughout the entire conference.

I am opposed to this conference report for many reasons. Strangely, the reasons are not those that might have impelled me in the early discussion of the bill itself. I was not completely satisfied with the bill as it was reported by the committee.

At that time the bill contained a provision legalizing the Dixon-Yates contract. I fought that provision as hard as I could. I lost that fight, and recognized the validity of the majority sentiment of the Senate of the United States. Subsequently in the conference I did not raise one question about that provision, because it represented the sentiment of the Senate of the United States. If this bill goes back to conference, I do not intend to raise the issue of the Dixon-Yates contract, because that matter has been closed as far as this bill is concerned.

I am interested only in trying to make sure that we get a better bill than we now have. If the bill goes back to conference, it shall not be my purpose to try to prevent its enactment into law. I am desirous of seeing a conference report quickly emerge and be adopted by both the House and the Senate. I think that can be done.

I am interested in the amendments, however, which represented the sentiment of the Senate and which were adopted by the Senate. I think the atomic-energy bill was greatly improved in its course through the Senate. It was improved first by the Johnson amendment, which would have permitted the Atomic Energy Commission to build atomic-energy plants for the generation of electric energy.

It was improved by the Gillette amendment, providing preference and priority to public bodies and cooperatives.

It was improved by the Gore amendment, providing that there should be no direct reimbursement to contractors for their Federal taxes.

Finally, it was improved by the Kerr amendment, extending the period of compulsory licensing of atomic patents from 5 to 10 years, requiring the patent licenses to be nonexclusive, and that the terms for similar licenses be the same for comparable uses.

As I indicated a moment ago, I think the junior Senator from Nevada [Mr. MALONE] put his finger on the very touchy point in this whole thing when he pointed out the references that were made to this particular section relating to the Johnson amendment. I commend the Senator from Nevada for what he did in that regard.

There were other good amendments, several by the junior Senator from Minnesota [Mr. HUMPHREY], at least 2 by the able Senator from Rhode Island [Mr. PASTORE], 1 by the able senior Senator from North Dakota [Mr. LANGER]. These were all good amendments, but in the main, my feeling that the bill had been greatly improved in the Senate rested on the broad base of the Johnson, Gillette, Gore, and Kerr amendments.

Madam President, I supported the bill on final passage, and urged other Senators to support it. It was not everything I wanted. It contained one amendment which I had bitterly resisted. But, in my judgment, it was an improvement over the act of 1946, because the art of using nuclear energy has greatly advanced since 1946, and we needed to bring our legislative program more nearly in line with our scientific progress.

Then the bill went to conference, and to some degree, at least, these gains were whittled away. The Gore amendment, I am happy to say, was retained. The Gillette amendment was greatly reduced in its effect. Instead of requiring that in disposing of such energy, the Commission would at all times give preference and priority to public bodies and cooperatives, it was made to read that the Commission would "insofar as practicable" give preference and priority to public bodies and cooperatives; and, in respect to a part of the Pastore amendment, there was added to the preference section these words: "or to privately owned utilities providing electric services to high-cost areas not being served by public bodies or cooperatives."

Mr. Newlands, the great Senator from Nevada, who originally had the preference clause adopted in 1901, did a very wise thing. I believe that that preference clause should remain in this bill and should be more clearly expressed.

It ought to be said in behalf of the conferees that I do not think they intended to strike quite so deeply as they did strike by the words "insofar as practicable." I think it would be agreed that those words were inserted because of a situation the Senator from Iowa [Mr. HICKENLOOPER] suggested, that there might be a utility 150 miles away which it might not be practicable to serve. Since then I have found that the preference clause, as the Senator from Nevada [Mr. MALONE] pointed out a while ago, can be applied in instances of that kind. Therefore, the words "insofar as practicable" should be stricken from the conference report.

The Senator from Nevada suggested we might do that by unanimous consent. I know of no way of doing it in the Senate. I think the bill must go back to conference in order that those words may be stricken from the report.

Next we are faced with the fact that the Johnson amendment has completely disappeared from the bill. The Senate approved the amendment of the able Senator from Colorado, because, while we were anxious, even on our side of the aisle, to make sure that we were not putting the Atomic Energy Commission in the business of generating public power forever and ever and ever, in a

thousand plants across this country, yet we felt it was essential, as a sound business proposition, to say that there must be one of these plants built by the Atomic Energy Commission if private interests did not stand ready to build it.

As the able Senator from Iowa knows and has pointed out, the first one of these plants might cost $75 million or $100 million, and it would still be a small plant. A plant of substantial size to do the job that is required may cost $250 million. No private entrepreneur can afford to put $250 million of stockholders' money into a plant that may not work when it is finished; but the great Government of the United States, which could afford to put $2 billion into a bomb which it did not know would explode, can afford to spend enough money to find out, once for all, whether a plant of this character can be built. Therefore, we tried very carefully to provide that at least one such plant might be built.

Therefore, I say that the Johnson amendment was a good amendment, and should be restored to the bill in a further conference, so as to make sure that such a plant will be built. Language was written into the report which I do not like. Perhaps it is all right. When I say that the building of a single plant should be permitted, I say that as an individual who has believed in free enterprise, who believes in it in his own business, and continues to believe that the Government ought to give free enterprise a chance to work in this field. But free enterprise is shackled if it has to risk $150 million or $200 million on a single turn of the dice. It cannot be done that way. The Government has to proceed with its research and development program. It has to proceed, as the Senator from Iowa so ably pointed out, in diverse, small development stages. Then when the Commission determines that one large plant can be built, it should be allowed to go ahead.

I think it is very, very important that we proceed in that fashion, and therefore I should like to see the language of the report make certain that such an effort will not be stopped by a provision which says that none of this power can be used for commercial purposes.

Finally, I think the one thing that broke down the conference was the action taken with reference to the amendment offered by the able senior Senator from Oklahoma [Mr. KERR]. I think the Senate is entitled to know——

Mr. MAGNUSON. Madam President, will the Senator yield before he goes to that phase of the matter?

Mr. ANDERSON. I am happy to yield.

Mr. MAGNUSON. I agree with the Senator's remarks. If some huge corporation could afford to build a $250 million plant and it worked out the way they thought it would, then there would be a monopoly. I know that what the Senator from New Mexico is trying to do is the reasonable, sensible, middle course.

Mr. ANDERSON. I do not want the Government to go into my business. I do not want the Government to go into the power business, building atomic power reactors all over the Nation and putting them up in competition with private power companies now in existence. I do not want the Government to move in and threaten any other institutions that now exist. It is not necessary. What the Government ought to do is to demonstrate that this power can be used beneficially; and, when that demonstration has been made, then make it available for those communities and those individuals or those companies, public or private, which want to make use of it.

Mr. MAGNUSON. Does not the Senator from New Mexico agree with me that that would be a yardstick which could be used in the interest of the common welfare?

Mr. ANDERSON. There can be no question about that. A short time ago I read the testimony given by Lawrence Hafstead, an expert on reactors, in which he said one could be built to develop power at a cost of 6 mills per kilowatt-hour of capacity, with the initial cost a little higher than for a coal plant. The construction cost per kilowatt-hour of capacity might run to $200–$300 a kilowatt, as against $135 a kilowatt for a conventional coal plant, but the fuel cost might be as low as 1 mill, against 3 mills for the coal plant.

I realize that if that could be developed, it ought to be integrated into the system of American free enterprise. Therefore, I was greatly interested in the patent section of the bill.

The Senator from Oklahoma [Mr. KERR] will remember that I went over to him and said that from his great business skill and his great experience with the free-enterprise system, I hoped he would make sure that the patent section of the bill would be so drawn that it could not be weakened materially within a few years. Therefore, the Kerr amendment was proposed by him and written into the bill by the Senate.

I should like to refer to the history of the patent section, because I think its importance has not been revealed to the extent that it should have been. When the committee started its consideration of this bill, it first held private hearings. We invited experts to discuss with us the scope the public hearings should take, and what subjects should be discussed in such open hearings, without breaking down security, and how far we might go in public hearings before we would reveal something that should not be revealed.

Then the public hearings were held. At the time the original suggestion was made, there was in the bill a provision similar to the one finally passed by the House.

First, Madam President, I will call it the House version. It is not the version which was reported by the House committee. I want that understood. It was the final House version, so-called.

What happened to that version? That provision was considered in committee. Then the members of the Atomic Energy Commission appeared before the committee, as is shown on page 598 of the hearings, and they said they recommended the restoration of the section along the lines of section 11 of the act in its present form, making it the duty of the Commission to declare certain patents to be affected with a public interest.

The Joint Committee on Atomic Energy took that testimony from the Atomic Energy Commission. It listened to that request, and decided that it had come from the President of the United States, and wrote into the bill the patent section which was the patent section as recommended on the floor by the Joint Committee on Atomic Energy. That was adopted by the Senate.

We lost that provision in conference. The House adopted the old section, which had been rejected almost by a unanimous vote every time it had come up before the Joint Committee on Atomic Energy. Only one member of the joint committee voted for it—the chairman, to be sure—and the rest of us voted against it. We voted against it not once, but twice. When the matter came up in the House of Representatives at 2 o'clock in the morning, the chairman stood up and persuaded the House Members to follow him in the adoption of that provision. That was the most serious mistake that could have been made, and it is a mistake we must undo in the Senate and in conference.

Mr. JOHNSON of Texas. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. JOHNSON of Texas. We all realize, of course, that the conferees were influenced by the desire of the House to adjourn, and of the Members of the House to go home. Of course those plans have been materially changed, because of developments. Does not the Senator from New Mexico believe that if it is the majority will of the Senate that the conference report be returned to conference, the conferees can readily make improvements in the conference report and act on it in a matter of a few days?

Mr. ANDERSON. I believe they can act on it in a matter of a few hours. As a matter of fact, the senior Senator from Iowa knows that the question with reference to the patent section probably could be resolved very quickly if we returned to conference determined to carry out the will of the Senate and determined to do what the Senate had done and what the joint committee had done.

Mr. JOHNSON of Texas. Madam President, will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. JOHNSON of Texas. The distinguished Senator from Colorado [Mr. JOHNSON] is a member of the conference committee. I should like to ask him whether he concurs in the expression of those views.

Mr. JOHNSON of Colorado. I believe the question can be settled in a very short time, within a matter of a few hours. I believe the question could be settled easily enough.

Of course, I do not know how stubborn one member of the conference committee may be.

Mr. JOHNSON of Texas. Of course I hope we have not reached the point where we must let one man tell the entire Congress that it must take his view or leave it.

Mr. BRICKER. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

The PRESIDING OFFICER. The time of the Senator from New Mexico has expired.

Mr. JOHNSON of Texas. I yield an additional 2 minutes to the Senator from New Mexico.

Mr. BRICKER. I think it is unfair to say that those who do not go along with us are stubborn, or that one man who does not go along with us is stubborn. I believe there is involved a matter of difference of policy, to which some of us are definitely and personally committed, and in which we very seriously believe. I do not think it is fair to say that one is stubborn when he does not cave in and accept the other man's point of view in any matter.

Mr. ANDERSON. Let me say that I believe substantial progress would be made if Congress were to adopt the language which was agreed upon originally by the Joint Committee and carried in the bill as submitted to the House and carried in the bill as submitted to the Senate. It is not a question of one man's viewpoint. The full committee reported it, and the Senator from Ohio voted for it, as I did, and as did the Senator from Colorado, and as many other Senators did. If the conference report goes back to committee quickly and the conferees act and report new patent provisions, and perhaps a new preference clause, and a few other changes, which we have all agreed upon, it seems to me the result would be a very fine bill.

Mr. BRICKER. Madam President, will the Senator yield?

Mr. ANDERSON. After all, we are dealing with an investment of approximately $12 billion. The Federal Government, through its Atomic Energy Commission, already owns several hundred patents in the atomic energy field, and it ought to own for the next few years the refinements on those patents and the art that is developed.

Therefore, I think the compulsory licensing section suggested by the Atomic Energy Commission itself ought to be adopted.

Mr. BRICKER. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. BRICKER. Does not the Senator agree that the RECORD shows the House went one way on the patent section, away from the conferees, and that the Senate went the other way?

Mr. ANDERSON. That is correct.

Mr. JOHNSON of Texas. I yield 8 minutes to the distinguished Senator from Colorado.

Mr. JOHNSON of Colorado. Madam President, I submitted the conference report to the legislative counsel of the Senate and asked him to make a report to me on the effects of the changes that were made by the conference in the bill as it passed the Senate, especially as it relates to section 45, which was placed in the bill by the Senate. I have received a memorandum from legislative counsel. The legislative counsel's office has no interest one way or another in the bill, I presume; all that it did was to make an analysis of the language in the conference report.

I ask unanimous consent to insert this memorandum at this point in the RECORD. It comes from the legislative counsel, signed by Mr. John Reynolds, who is the assistant counsel.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM FOR SENATOR JOHNSON OF COLORADO

This memorandum responds to your request for an analysis of certain action taken by the committee of conference on H. R. 9757 in connection with the deletion of section 45 of the bill, as it passed the Senate. The changes made in the bill by this conference action (other than the deletion of sec. 45) are in several parts. The effect of these changes would appear to be as follows:

(1) Section 31a (4) is amended to read as follows:

"(4) utilization of special nuclear material, atomic energy, and radioactive material and processes entailed in the utilization or production of atomic energy or such material for all other purposes, including industrial uses, the generation of usable energy, and the demonstration of the practical value of utilization or production facilities for industrial or commercial purposes; and."

The conference substitute for section 31a (4) broadens or clarifies the authority of the Commission with respect to the conduct of research and development activities. Under the conference substitute, read in conjunction with section 32, the Commission has the express authority, among other things, to engages in research and development activities for the purpose of demonstrating the practical value of utilization or production facilities for industrial or commercial purposes. Under this authority the Commission could clearly build plants to demonstrate the practical value of atomic-energy facilities for commercial purposes, including the generation of power. If the Commission had this authority under section 31a (4), prior to the conference action, it had it only inferentially, not explicitly.

(2) The conference action included four amendments to sections 103b, 104a, 104b, and 104c. The effect of these amendments is to make it clear that any person may apply for a commercial license under section 103, or a license for medical therapy and research and development under section 104. "Person" is defined in section 11n, as follows:

"n. The term 'person' means (1) any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, Government agency other than the Commission, any State or any political subdivision of, or any political entity within a State, any foreign government or nation or any political subdivision of any such government or nation, or other entity; and (2) any legal successor, representative, agent, or agency of the foregoing."

(3) The conference action amended section 44 to read as follows:

"SEC. 44. Disposition of energy: If energy is produced at production facilities of the Commission or is produced in experimental utilization facilities of the Commission, such energy may be used by the Commission, or transferred to other Government agencies, or sold to publicly, cooperatively, or privately owned utilities or users at reasonable and nondiscriminatory prices. If the energy produced is electric energy, the price shall be subject to regulation by the appropriate agency having jurisdiction. In contracting for the disposal of such energy, the Commission shall insofar as practicable give preference and priority to public bodies and cooperatives or to privately owned utilities providing electric utility services to high-cost areas not being served by public bodies or cooperatives. Nothing in this act shall be construed to authorize the Commission to engage in the sale or distribution of energy for commercial use except such energy as may be produced by the Commission incident to the operation of research and development facilities of the Commission, or facilities for the production of special nuclear material of the Commission."

As revised in conference, section 44, as it appeared in the Senate bill, is retained with the following changes:

(a) The section heading is broadened to read "Disposition of Energy" instead of "By-product Energy."

(b) The energy referred to in the section is that energy which is produced at production facilities of the Commission or which is produced in experimental utilization facilities of the Commission. Under the Senate bill the energy was that produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States. Under the Senate bill the energy had to be a "by-product" occurring in the production of special nuclear material. Under the conference substitute, read in conjunction with the revised section 31 a. (4), the energy may be produced directly in a facility designed by the Commission to demonstrate how special nuclear material may be utilized for commercial purposes. It would seem that this change enlarges the possibilities of the Commission for producing disposable energy.

(c) The section specifically provides that where the energy produced is electric energy, the price will be subject to regulation by the appropriate agency having jurisdiction.

(d) Language is added which has the effect of prohibiting the Commission from engaging in the sale or distribution of energy for commercial use, unless it is produced by the Commission incident (1) to the operation of research and development facilities of the Commission, or (2) to the operation of facilities of the Commission for the production of special nuclear material.

(4) The conference action deletes in section 261 (authorization for appropriations) the parenthetical phrase "(other than for such acquisition, condemnation, construction, or expansion as may be undertaken under the authority of section 45a. of this act)." Since the conference action deletes section 45, as it appeared in the Senate bill, this amendment is conformable to that deletion.

(5) The conference action adds a new section 273 to the bill which is largely a restatement of the last sentence in section 45b.

The effect of this amendment is to further clarify (without retaining sec. 45) the changes discussed in (2) above; namely, to indicate beyond any doubt that Government agencies which are authorized by law to engage in the production, marketing, or distribution of electric energy are eligible for commercial licenses to construct and operate facilities for the purpose of producing electric energy for public consumption.

CONCLUSION

The conference action in deleting section 45 makes it very clear that the Commission has no authority to construct facilities for the sole purpose of producing electric power for sale.

The other action taken by the conference committee, along the lines previously indicated, clarify the following matters:

(1) The Commission has the authority to build plants to demonstrate the practical value of atomic energy for industrial or commercial purposes.

(2) Government agencies are not barred from obtaining Commission licenses under sections 103 and 104. In this connection, they may obtain a license to engage in the production, marketing, or distribution of

electric energy under section 103, if they are authorized by law to engage in such activity and they can comply generally with the requirements for such licenses.

(3) The Commission has the authority to utilize and dispose of energy produced in a production or experimental utilization facility owned by the Commission. Such energy may be produced in a facility designed by the Commission to demonstrate how special nuclear material may be utilized for commercial purposes. In the disposition of electric energy so produced the price will be subject to regulation by the appropriate regulatory agency. All energy to be sold or distributed by the Commission for commercial use, must be produced as an incident to the operation of research and development facilities of the Commission, or to the operation of facilities of the Commission for the production of special nuclear material.

Respectfully,

JOHN M. REYNOLDS,
Assistant Counsel.

AUGUST 7, 1954.

Mr. JOHNSON of Colorado. Madam President, I shall read the conclusion, which is not long, although the other parts of the analysis are somewhat extended.

In dropping from the conference report section 45, which was inserted by the Senate, the conferees made five separate amendments in different parts of the bill. He has listed those five changes which were made in the conference report.

This is the conclusion Mr. Reynolds reached:

The conference action in deleting section 45 makes it very clear that the Commission has no authority to construct facilities for the sole purpose of producing electric power for sale.

There Mr. Reynolds is talking about the conference report, and I know the Senators have been disturbed, thinking that perhaps under section 45, which was placed in the bill by the Senate, the Atomic Energy Commission was authorized to build powerplants at every crossroads in the country. It is clear from this language that the conference report does not permit any such thing as that to happen.

The analysis goes on:

The other actions taken by the conference committee, along the lines previously indicated, clarify the following matters:

(1) The Commission has the authority to build plants to demonstrate the practical value of atomic energy for industrial or commercial purposes.

That is the principle in which the Senator from Colorado was interested. He wanted to be sure that, in this great new effort and in this unknown potential of power development, at some place in this bill provision would be made to assure that yardsticks would be possible, so that if the Atomic Energy Commission itself felt that the private power companies were not doing full justice to this new source of power, this new kind of power, the Commission itself might build yardsticks and demonstrate what could be done in the field. That is the first point Mr. Reynolds found that the conference report now provides.

(2) Government agencies are not barred from obtaining Commission licenses under sections 103 and 104. In this connection they may obtain a license to engage in the production, marketing, or distribution of electric energy under section 103, if they are authorized by law to engage in such activity and they can comply generally with the requirements for such licenses.

Mr. BYRD. Would that apply to REA?

Mr. JOHNSON of Colorado. That would apply to REA.

Mr. BYRD. And the REA could get a license if authorized by law?

Mr. JOHNSON of Colorado. Yes, if they were authorized by law, and had the money. They are building steam plants now, and the conference report includes that part of section 45 which was adopted by the Senate to make certain that the REA, if it has the money, and if it has the authority, can build an atomic powerplant just as now they can build a steam plant. When the bill came before the Senate, they could not do that. However, they can now do it.

Mr. GORE. Madam President, I wish to congratulate the able senior Senator from Colorado upon this accomplishment. It is to be regretted that his amendment has been modified, but to this specific effect the accomplishment is very real.

Mr. JOHNSON of Colorado. I thank the Senator. The third conclusion of the memorandum is as follows:

(3) The Commission has the authority to utilize and dispose of energy produced in a production or experimental utilization facility owned by the Commission. Such energy may be produced in a facility designed by the Commission to demonstrate how special nuclear material may be utilized for commercial purposes. In the disposition of electric energy so produced the price will be subject to regulation by the appropriate regulatory agency.

That provision includes the public utilities commissions of the States and the Federal Power Commission, or other regulatory agencies.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Texas. I yield to the distinguished Senator from Colorado 2 additional minutes.

Mr. JOHNSON of Colorado. The third conclusion continues:

All energy to be sold or distributed by the Commission for commercial use, must be produced as an incident to the operation of research and development facilities of the Commission, or to the operation of facilities of the Commission for the production of special nuclear material.

That should prove conclusively that the conference bill does not make it possible for the Atomic Energy Commission to build an atomic powerplant at every crossroads in the country.

In working out these different amendments, section 44 was completely rewritten. Section 44, as Senators will recall, had for its title and had for its purpose and objective the byproduct of powerplants.

The purpose of section 44 is changed and the title is now changed to "Disposition of Energy."

I should like to read the last sentence of section 44, because it emphasizes what I have already said.

Nothing in this act shall be construed to authorize the Commission to engage in the sale or distribution of energy for commercial use except such energy as may be produced by the Commission incident to the operation of research and development facilities of the Commission, or of production facilities of the Commission.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. JOHNSON of Texas. Madam President, I desire to be as generous as my allotment will permit, but I do not have the time to yield further to the Senator from Colorado. I could take time from some other Senator and I know most of them would agree. Could the Senator complete his statement in an additional 2 minutes?

Mr. JOHNSON of Colorado. I think so.

Mr. JOHNSON of Texas. I yield 2 minutes to the Senator from Colorado.

Mr. JOHNSON of Colorado. Madam President, a long time ago I had a very wonderful milk cow, one of the best I have ever seen anywhere. That milk cow had the bad habit of giving milk to fill a gallon and a half milk bucket, and just as the person doing the milking was about through, the cow would kick the bucket over.

That is what the conference did with section 44. We worked this whole matter out on an agreeable basis, and everything seemed to be all right, and then they wrote in the words "insofar as practicable," relating to contracting for the disposal of such energy. That is where the conferees kicked the bucket of milk over so far as giving preference and priority to public bodies and cooperatives is concerned.

As the junior Senator from Nevada [Mr. MALONE] has pointed out, those words should not be in the bill. I pleaded with the committee of conference not to include them in the conference report; I urged them to leave out that language. There are plenty of safeguards without such language.

The REA's throughout the country do not want Congress to establish that kind of principle with respect to the preference clause, where the REA's are entitled to receive electric energy produced with the finances of the United States Government.

The bill should be returned to conference. The three words "insofar as practicable" should be deleted. Then section 44 would be fairly satisfactory.

Mr. HILL. Madam President, will the Senator yield for a brief question?

Mr. JOHNSON of Colorado. My time has expired.

Mr. JOHNSON of Texas. Madam President, I yield 8 minutes to the distinguished Senator from Iowa [Mr. GILLETTE].

Mr. GILLETTE. Madam President, I wish to discuss the same three words which have been discussed by a number of my colleagues this afternoon. I desire to call attention to the legislative history of preference clauses.

I hold in real affection and high respect my distinguished colleague, the senior Senator from Iowa [Mr. HICKENLOOPER], but his explanation of why these three words are in the conference report lacks persuasion. He states that

they have really no effect, so far as modifying the preference clause is concerned. They are words which were not included in the Senate version of the bill, and they were not included by the House; they were placed in the report by the conference committee. If they have no purpose, if they are innocuous, or if they have no meaning, they should not have been included.

In addition, my esteemed colleague states that they have one purpose only, namely, to take into consideration the fact that the Atomic Energy Commission is not a merchandising group, but is established for research and development. For that reason he thought that the words were necessary.

In reply to my colleague, I may say that it does not make any difference for what purpose the Atomic Energy Commission was established. When it or any other agency of the Government, with Government money, is producing merchandise for sale, merchandise which belongs to the people of the United States, such agency then becomes a merchant, and Congress has a duty to prescribe rules for the sale of the energy, which it was attempted to do in this case.

Furthermore, if the words have that limited application, why was the same phraseology used in the amendment which the able Senator from Colorado [Mr. JOHNSON] has just been discussing? The same words were added to that amendment.

In this limited time, for the purpose of the RECORD, I think it is essential to review as quickly as possible the legislative history behind this type of limitation on the sale of governmental property.

I might say at the outset that nowhere in all the laws where preference is a consideration do we find any justification, any precedent, for the action taken by a majority of the conference members.

The first congressional enactment of any so-called preference clause came in the 1906 amendment of the Reclamation Act of 1902—title 43, United States Code, section 522. The language contained in setting forth the preference to public bodies was as follows:

> Lease of waterpower: Whenever a development of power is necessary for the irrigation of lands, under any project undertaken under the said reclamation law, or an opportunity is afforded for the development of power under any such project, the Secretary of the Interior is authorized to lease for a period not exceeding 10 years, giving preference to municipal purposes, any surplus power or power privilege.

Thus in this basic act, passed by Congress during the Theodore Roosevelt administration, the Secretary of the Interior was directed to give preference to "municipal purposes" in the lease of any surplus power or power privilege from projects created under the act.

In succeeding legislative enactments this preference language was used, but nowhere in those acts do we find language implying that this was a matter of discretion with the administrative agency involved. In the Boulder Canyon Act of 1928 the language used states:

> Except that preference to applicants for the use of water and appurtenant works and privileges necessary for the generation and distribution of hydroelectric energy, or for delivery at the switchboard of a hydroelectric plant, shall be given, first, to States for the generation or purchase of electric energy for use in the State, and the States of Arizona, California, and Nevada shall be given equal opportunity as such applicants.

In the TVA Act of May 18, 1933—title 16, United States Code, section 831i—the language expressing the preference clause states, "and in the sale of such current by the Board—TVA governing body—it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members." We might note here in passing that this is the first recognition by Congress of the rural cooperative organizations specifically as preference customers. But note with particularity that the language used is mandatory and does not in any way authorize discretion in the administrative agency.

The next legislative recognition by Congress was in the Bonneville Dam Act of 1937—title 16, United States Code, section 832c—providing for the disposition of power from that hydroelectric project on the Columbia River. In regard to preference the act sets out:

> In order to insure that the facilities for the generation of electric energy at the Bonneville project shall be operated for the benefit of the general public, and particularly of domestic and rural consumers, the administrator shall at all times, in disposing of electric energy generated at said project, give preference to public bodies and cooperatives.

Again, in the Fort Peck Act of 1938 (16 U. S. C. 833c), the language indicates no discretion, as it states:

> In order to insure that the facilities for the generation of electric energy at the Fort Peck project shall be operated for the benefit of the general public, and particularly of domestic and rural consumers, the Bureau [Bureau of Reclamation] shall at all times, in disposing of electric energy generated at said project, give preference and priority to public bodies and cooperatives.

The Reclamation Project Act of 1939 (43 U. S. C. 485 H (c)) states:

> Any sale of electric power or lease of power privileges, made by the Secretary [Secretary of the Interior] in connection with the operation of any project or division of a project shall be for such periods, not to exceed 40 years and at such rates as in his judgment will produce power revenues at least sufficient to cover an appropriate share of the annual operation and maintenance costs, interest on an appropriate share of the construction investment and not less than 3 percent per annum, and such other fixed charges as the Secretary deems proper: *Provided further*, That in said sales or leases preference shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to sections 901–914 of title 7.

The language in the Reclamation Project Act of 1939 goes far to show that the intention of Congress is not to allow any discretion on the part of the administrative agency when it comes to administering preference. This is borne out by the fact that in the Reclamation Project Act the Secretary is given discretion in fixing the rates for such power. It will be noted that the phrase is found in the early part of the section stating: "and at such rates as in his judgment will produce power revenues at least sufficient to cover an appropriate share of the annual operation and maintenance costs," and so forth. This made the rates a matter of discretion to be set in accordance with the Secretary's judgment. But it is also clear that no such discretion is voiced concerning preference because the preference phrase is set off entirely from that part concerning the use of judgment on rates by the words "*Provided further*," and then setting out that preference shall be given.

We now come to the Flood Control Act of 1944. It is in section 5 of the Flood Control Act of 1944 (16 U. S. C. 825s) that the preference clause is found. It states:

> Electric power and energy generated at reservoir projects under the control of the Department of the Army and in the opinion of the Secretary of the Army not required in the operation of such projects shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power and energy in such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles. The rate schedules to become effective upon confirmation and approval by the Federal Power Commission. * * * Preference in the sale of such power and energy shall be given to public bodies and cooperatives.
>
> The Secretary of the Interior is authorized, from funds to be appropriated by the Congress, to construct or acquire, by purchase or other agreement, only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at such projects available in wholesale quantities on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives, and privately owned companies. All moneys received from such sales shall be deposited in the Treasury of the United States as miscellaneous receipts.

The pertinent part of section 5 specifically provides:

> Preference in the sale of such power and energy shall be given to public bodies and cooperatives.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. JOHNSON of Texas. I yield 2 additional minutes to the Senator from Iowa.

Mr. GILLETTE. Madam President, although I hesitate to labor the point, I feel it is so vital in the consideration of the conference committee reports before the Senate that again I must emphasize this, that nowhere in the legislative history of the preference clause is any language to be found to justify an interpretation that granting preference is a matter of discretion with the administrative agency involved.

From a study of the legislative history of the preference clause, there can be no doubt that Congress meant and intended

that public bodies and cooperatives, in being given a preference for the sale of power, were to have a special advantage or prior choice in acquiring that power. True, this does not necessarily mean that the Department of the Interior or the administrative agency selling the power would be required to construct transmission facilities in order to allow the public bodies or municipalities to exercise the preference granted to them by Congress, but it must surely mean that if a private company and a cooperative each offers to purchase the power from the agency disposing of that power at the dam site or at the place where it is generated, on the same or substantially the same terms, the power must be sold to the cooperative or public municipality in order to comply with the law. Furthermore, it is clear that the Congress in writing the preference laws did not intend for the Secretary of the Interior to have to exercise discretion in the sale of the power. In every instance the language is mandatory. The language is always couched in terms of preference: "shall be given," or words to that effect. Thus, we are inescapably driven to the conclusion that Congress, when it expressed the term "shall be given" in relation to preference, was speaking with authority and imposing a compulsion on the distributing agency. In short, Congress said "preference must be given" and the choice in the matter had been decided by Congress as a question of substantive law rather than a question for administrative determination by the Secretary of the Interior or the administrative agency selling the power.

As the atomic-energy bill was originally reported to the Senate from the committee there was no provision for preference. This was a complete departure from a Federal power policy that had provided for preference in disposing of any Federal-generated power. In the days of debate in this body two amendments were adopted dealing directly with the sale and disposition of electrical energy. One was the Johnson amendment, introduced by the Senator from Colorado. His amendment not only provided that the Atomic Energy Commission shall have the authority to generate such power, but also that if it did so it would be sold in accordance with the traditional preference clause. The language used was that of the Flood Control Act of 1944, for the amendment specifically spelled that point out clearly by stating:

> Electric power not used in the Commission's own operations shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power in accordance with the provisions of section 5 of the Flood Control Act of 1944.

There was also the additional provision that in high-cost power areas not being served by public bodies or cooperatives the Secretary of the Interior shall give the same degree of preference to any other purchaser who serves such areas.

And what is the language of that act? It states very clearly:

> Preference in the sale of such power and energy shall be given to public bodies and cooperatives.

The other amendment dealing with this matter of preference was introduced by the junior Senator from Iowa with the cosponsorship of a dozen Senators, to amend section 44 of the bill, entitled "Byproduct Energy." Here again, the language of the amendment was couched in the traditional phraseology of prior enactments for it stated:

> The Commission shall at all times, in disposing of such energy, give preference and priority to public bodies and cooperatives.

As a result of those two amendments, Madam President, the Senate of the United States reaffirmed a policy of preference in clear, unambiguous terms. Although there have been no court decisions construing the language of the various preference clauses which I have outlined, there can be little question that the preference clause is mandatory. It is not a matter of discretion with the administrative agency concerned.

Consider now the language found in the conference report. Notwithstanding the fact that both Houses went to conference with no such language in any of the preference amendments, we now find a new wording, a most inconspicuous little phrase inserted in the preference clause. We find these words to be: "insofar as practicable."

There was no outright attempt to eliminate preference but, rather, the attempt was to put the issue in doubt; to change the language of the amendment from a clear statement of the intent of Congress as expressed in prior acts to language that at best would be ambiguous, uncertain in meaning, and subject to endless court interpretations; and, at worst, this seemingly innocent little phrase "insofar as practicable" means the death knell for the preference clause as Congress has written it heretofore.

The term "insofar as practicable," means simply this: Whether or not preference shall be given will remain a matter of discretion with the administering agency. This is the very opposite of the policy of this body so clearly evidenced in the legislative history of the preference language used in the past. It has been a mandatory preference which Congress has repeatedly expressed—not a matter of discretion with the administering agency.

And what recourse would be open to preference customers if the administering agency ruled that, in its judgment, such preference was impracticable? It is a well-settled principle of law that the courts will not overturn a decision of an administrative agency if that agency is authorized to use its own judgment in the matter. In some instances, if that judgment is purely unreasonable, arbitrary, and capricious, the courts have overturned that discretion but the burden of proof required in such cases is overwhelming.

Reduced to its simplest terms, Madam President, we can come to only one conclusion. We must conclude that the proponents of these three little words—"insofar as practicable"—wished to literally abolish the preference clause or were willing to transform years of legislative history of preference security to one of ambiguity. We must come to the conclusion that in a controversy such as now exists in regard to the disposition of the power from Clark Hill Dam in Georgia that the inclusion of these words "insofar as practicable" would mean no preference because the Secretary of Interior could simply decide it to be the practicable thing to do to sell the power to the private power company having its transmission lines at the site. This means the defeat of the whole purpose of preference, which has meant that these public bodies and rural cooperatives would have the iron-clad right, the first availability, in getting such power. If it does not mean that, Madam President, then this body has been laboring under a false premise for these many years while these power laws were being passed.

For this reason, Madam President, it is the judgment of the junior Senator from Iowa that the bill should be returned to conference with specific instructions that the words "insofar as practicable" should be stricken out of the preference clause wherever they are found in the bill.

Mr. HUMPHREY. Madam President, will the Senator from Texas yield me half a minute?

Mr. JOHNSON of Texas. I yield half a minute to the distinguished Senator from Minnesota.

Mr. HUMPHREY. I have prepared a statement on the conference report, and I ask unanimous consent that the statement be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

I want to vote in favor of an atomic energy bill that will permit the private companies, the REA's, and the public bodies to enjoy the peacetime benefits of atomic energy and electrical power generated from atomic energy. The conference report is unsatisfactory in at least three respects. First, it emasculates the preference clause. Second, it is inadequate in the patent provisions and the antitrust regulations. If this conference report is rejected and then goes back to conference where the Senate amendments can be agreed to, we can and will vote for the bill. I shall cast my vote for the atomic-energy bill designed along the lines of the bill as approved by the Senate.

I now want to address myself to those parts of the conference report which deal with preference for public bodies and cooperatives—and if I were to give a title to what I have to say, I think I would call it A Lesson in Duplicity, or What Is Practicable?

Section 44 of the act provides for the sale of byproduct energy and in its original form the section was entitled "Byproduct Energy." As it comes to us from conference, however, the section is entitled "Disposition of Energy." Now, titles are not always of great importance. But this change in title is very significant—because it highlights and symbolizes the true character of the conference report. It is a perfect example of the sleight of hand that characterizes the entire report.

After all, just what does section 44 deal with? It deals only with byproduct energy. It was correctly labeled when it was last before us. But now—now it is called Disposition of Energy. And the reason is clear. The sponsors of this change in the title of section 44 know that only a few will read the act carefully and completely. Many will read it, but they will read quickly—and they will fall into the trap. For in a quick reading of a section with such a title, and with

the misleading language in the body of the section that I will discuss more in detail, they may be fooled into thinking that the section carries out the traditional electric power policies of the Government—namely, to develop the natural power resources of the Nation for the benefit of the people.

And for the great majority of the people—who will not read the act at all—just imagine how easy it will be to fool them with this false new title and with the misleading language in the body of the section. All the proponents of this fake provision need do is to read the title slowly, and the preference language slowly, and they can fool any audience.

That change in title is the tipoff. Now let us see where it leads to. As passed by the Senate, section 44 provides that the Atomic Energy Commission "shall at all times, in disposing of such energy, give preference and priority to public bodies and cooperatives." Now this provision is absolutely clear. It requires no special interpretation. It is not subject to the whims of the particular persons who may be charged with the duty of disposing of byproduct energy at any particular time. It follows the pattern that has been consistently used by the Congress in all power legislation containing preference language.

But what has the conference report done with this? It has inserted the magic words "insofar as practicable." The conference report substitutes for the Senate language the following: "In contracting for the disposal of such energy, the Commission shall insofar as practicable give preference and priority to public bodies and cooperatives * * *."

Insofar as practicable. Can anyone tell me what that means? Can you find any two people anywhere who, under a given set of facts, will give you the same interpretation? Is it practicable to spend $1 for lunch or $2 for lunch? Is it practicable to buy one kind of an automobile rather than another kind, or perhaps none at all? Is it practicable to eat 2 meals a day instead of 3? I could go on and on this way. Almost anything we do in life could be subjected to the same question, and you would get the same result—every person would give you a different answer.

Let us just take the dictionary meaning of the word. One dictionary defines practicable in the following ways: (1) Capable of being done or used; (2) useful; (3) feasible; (4) usable; (5) possible. I should like the proponents of the conference language to tell me which one of these meanings they think applies. Certainly, something can be possible and yet not be useful. It can be capable of being done or used and yet not be feasible. It can be usable, but not necessarily useful. What does this language mean as set forth in section 44 of the conference report? What is the test to be? Is it to be feasibility? Is it to usefulness? Is it to be capability of being done? I don't know what it means here, and I defy anyone to show me clearly and simply what it does mean.

What the conference report does to the language that we adopted in the Senate is to destroy it. This is not legislation, this is emasculation. This is not clarification, this is befuddlement. The conference report has taken perfectly clear, simple language—language that has had a long history of legislative use and administrative application—and has surrounded it with a fog that no human understanding can penetrate. It would have been far more honest to have deleted the entire preference provision.

Personally, I have never been able to understand why the power lobby has fought so long and so bitterly—and has spent so much of its customers' money—fighting the so-called preference provisions of the power marketing statutes. Despite the fact that the Congress has consistently included preference provisions in the power marketing statutes, the rural electric systems of the country still get less than 6 percent of the power sold by the Federal Government. The public bodies get more. They get 26 percent, but the bulk of it still goes to the private power companies. And during the years that these preference provisions have been in effect, the private power companies have prospered and prospered. I am afraid there is only one explanation for this bitter and expensive fight which the power companies have been waging against the preference provisions, and that explanation is that it is in the nature of a monopoly to try to swallow up everything.

We must always remember that the power utilities are monopolies, protected monopolies. They have their territories and no one else can serve in those territories. If you want electricity, you must buy it from the power company serving your area. And the power companies are guaranteed rates which return them a handsome profit—after all taxes have been paid. Thus, they are not only monopolies, but they are protected in their monopolistic activities.

To emphasize just what this means, compare these power company monopolies with any ordinary business type of monopoly. Before our antitrust laws were enacted, it was possible for a business organization or a syndicate of some kind to get a monopoly on some product. But despite that, they were always subject to the danger that some other group would develop a substitute product and crack their monopoly by use of the substitute. But the power companies are protected even from that. There is no substitute for electricity in the modern day world. And it doesn't matter how the science of producing electricity changes, the protected monopoly called a power company cannot be disturbed. They, and they alone, can serve in their respective areas.

In this connection, it is interesting to note that the big battles which the Power Trust has carried on against the rural electric systems has been in connection with cooperative generation and transmission. It is there that they fight most bitterly. They don't want these systems to be too independent. They don't want them to have their own sources of power. They want the rural electric systems to be totally dependent upon the private utilities for their power sources, because they realize that as long as they control the power sources, they really control the rural electric systems—and perhaps at some propitious time they will be able to swallow up the distribution systems as well. So they fight bitterly whenever the issue is a source of power for the rural electrics and the public bodies which is not under the control of the Power Trust.

That is why the words "insofar as practicable" have been inserted in section 44 of the Atomic Energy Act. It is power trust language. They know that they cannot, yet, win their fight against the rural electric systems and the public bodies by meeting the issue directly. They know that Congress is not, at this time, knowingly going to throw out the window the 50 years of successful operation of the preference provisions. So they try to accomplish their end through the back door. They leave the preference language in, but they insert 3 little words—3 destructive words, 3 words, the meaning of which no one can be sure, 3 little words that can receive any interpretation that anyone wants to give them, 3 little words that strike the death knell for the preference provision.

Let us just try to visualize a few of the obvious situations that normally arise in connection with the sale of electric power by the Government. Suppose a few miles away from a rural electric system, the Atomic Energy Commision should have a plant from which it has electric power to dispose of. Would it be practicable for the Commission to construct those few miles of line in order to serve that rural electric system?

Suppose a power company already had a line connected with the Atomic Energy Commission plant. Would it be practicable for the Commission to work out an arrangement for the power company to take the Commission's power and deliver it to a rural electric cooperative?

Suppose a rural electric cooperative was willing to build a line to the Atomic Energy Commission plant in order to purchase power there, but it needed time to obtain a loan and construct the line. Would it be practicable for the Commission to wait? I could go on and on like this.

There would be no normal situation in which you could say definitely that service to a rural electric cooperative by the Atomic Energy Commission would or would not be practicable. In every case, it would be a matter of personal opinion. It would be no different from the varying taste which all of us have for different flavors. It would be like saying that vanilla ice cream should be eaten by certain people insofar as practicable. But with the other flavors available and with a group of people who prefer those other flavors, would it be practicable for them to eat the vanilla ice cream?

So here, we can be sure that there will almost always be a number of possible ways for the Atomic Energy Commission to sell or dispose of the electric energy. Faced with all these possible alternatives, how can we say the Commission will ever find it practicable to sell to a rural electric cooperative or to a public body?

Let us have some honesty in dealing with this subject. Let us have legislation that has some meaning. Let us not pretend to give preference rights—as they have always been given and as they should always continue to be given—to the rural electric cooperatives and to the public bodies, when, in fact, we are doing nothing of the kind. Let us not talk about preference and priority to public bodies and cooperatives when what we are really saying is that the Commission should do with electric power as it will. You either give preference or you don't—and the Senate amendment to section 44, as emasculated in the conference report, does not give it.

I feel very strongly about this subject. I feel strongly about it, in the first place, because I feel that we should not make fools of ourselves by enacting provisions which have no meaning. Or, rather, by enacting provisions which have so many different meanings that they might as well have no meaning. I have already pointed out to you how many different meanings the word "practicable" has, and I will welcome being informed just which one of the many meanings of "practicable" is intended to be applied to section 44. We should not ever pass acts containing provisions capable of so many different interpretations. Just as legislators with pride in their work, just as any conscientious craftsman, we should never turn out shoddy merchandise; and this provision as now contained in the conference report is the shoddiest kind of legislative merchandise.

And I am strongly opposed to this part of the conference report because it is just not honest treatment. It is the worst kind of hypocrisy and duplicity. In its present form, it gives the outward appearance of dealing properly with the preference issue, but actually it does nothing of the kind. It attempts to fool the people into believing that there is a preference provision, while all the time, through the device of those three weasel words, it destroys preference. I don't mind arguing any issue that I believe in with any man, but for heaven's sake when we discuss this issue, let us discuss just that and not try to fool one another by the use of duplicity.

And I object strongly to the conference report treatment of section 44, because it

actually destroys preference. Preference for the people, in the use of the people's resources, is a principle for which I have always fought and will always continue to fight. Until recently the battles on the issue of preference for the people and the people's organizations, in connection with electric power, concerned the water resources of the people. It was hydroelectric power, made possible through the development of the Nation's waterways, that we were talking about. There we firmly established, and through the years maintained, that cardinal principle of democracy that what the Government owns, the people own. And when the Government put the people's great natural resources—the Nation's waterways—to work to produce electricity, the first use of that electricity was offered to the peoples themselves, through the agencies which the people created so as to be able to use that publicly-owned power, namely, the rural electric systems, and the public bodies of the Nation.

Today we are on the threshold of a new era. We are about to enter into a period where the greatest natural resource of the people will be atomic energy. But the material from which this tremendous energy will be released belongs to the people as a whole just as surely as do the waterways of the country. So when that material is made available for the production of electric energy, the people should have the very same rights of first use of that energy that they have always had in connection with hydroelectric energy produced by the Government. There can be no distinction. It is merely a substitution of uranium owned by the people for water owned by the people. And whether the Government produces the power through the use of uranium or through the use of water, it is still using the people's resources and it must still act for the best interest of the people as a whole and not merely for the aggrandizement of the Power Trust.

Everything that I have said with respect to the conference report version of section 44 applies to the treatment of section 182c. Section 182 deals with license applications. As the Senate passed the bill, section 182c provided that where "conflicting applications resulting from limited opportunity for such license includes those submitted by public or cooperative bodies such applications shall be given preferred consideration."

But as it comes back to us from conference, it reads that where "conflicting applications resulting from limited opportunity for such license include those submitted by public or cooperative bodies such applications shall, insofar as practicable, be given preferred consideration."

There they are—the same three little words—"insofar as practicable." And the result is, of course, the same. Those three words completely nullify and destroy any preference that the rest of the language purports to give. The entire matter becomes discretionary with the Atomic Energy Commissioners. Their personal feelings, their economic philosophies, their likes and dislikes become the determining factors.

It is precisely as though in a will all the property of the deceased is left to Mr. X, with the provision that Mr. X should take care of Mr. Y "insofar as practicable." Under such a will, Mr. Y would have no rights whatsoever. It would be entirely up to Mr. X—and to him alone—to decide what, if anything, he should do for Mr. Y. He could do nothing if he so desired, and Mr. Y could not do anything about it.

So, here, if we adopt the conference report, if we allow these words to remain in the Atomic Energy Act, the Commission will be able to deny any preference to the cooperatives and public bodies, and no one will have the power to challenge them.

We cannot accept the conference report on the preference provisions. We cannot accept it because it is such poor legislative language—because it is so vague—because it will be so meaningless in application—and because in its final result it will destroy preference for the people in the use of their own resources.

We must emphatically reject the conference report on sections 44 and 182c.

Mr. JOHNSON of Texas. Madam President, I yield 15 minutes to the Senator from Oklahoma.

Mr. KERR. Madam President, I rise to oppose the conference report. I do so on two propositions.

The first is that the conference report does violence, as has been so ably set forth and described by the Senator from Colorado and the Senator from Iowa, to the time-honored preference to rural electric cooperatives and other public bodies in the purchasing of power produced by the Federal Government.

The second proposition is that the conference report does violence to the will of the Senate, to the will of the President, to the will of the Atomic Energy Commission, and to the will and judgment of the Joint Committee on Atomic Energy.

Madam President, it has been fully shown today that when the words "insofar as practicable" are added to the giving of a preference, there is taken away with one hand that which has been given with the other. Is it not ridiculous to say that these worthy groups of citizens shall have a preference insofar as practicable—that is, insofar as is convenient? Madam President, that, in my judgment, can be no more than giving almost a preference—that is, almost, but not quite. I am reminded of the words of the ancient and beloved hymn, Almost Persuaded:

"Almost persuaded," harvest is past!
"Almost persuaded," doom comes at last!
"Almost" cannot avail;
"Almost" is but to fail!
"Sad, sad, that bitter wail—
"Almost—but lost!"

I do not believe the Senate will accept language, Madam President, which means that we "almost" gave a preference, but did not quite do so.

I now wish to talk about patents. I wish to talk about them because, in my judgment, the position taken, so far as I know, by everybody, with one exception, prior to the formulation of this conference report, has been abandoned.

I first wish to thank the distinguished Senator from Iowa for his many courtesies to me in this matter, both in the discussions had on the bill prior to passage, and in his discussions today. Yet I remind Senators of the fact that he has acknowledged that section 152 of the bill as passed by the Senate is gone. And section 152 was the section which provided for compulsory licensing. It was the section which would have prevented the development of monopoly.

With reference to section 152, it is well known that the President of the United States wanted it. He called for it in his message of February 17 to the Congress, in which he said:

Until industrial participation in the utilization of atomic energy acquires a broader base, considerations of fairness require some mechanism to assure that the limited number of companies, which as Government contractors now have access to the program, cannot build a patent monopoly which would exclude others desiring to enter the field. I hope that participation in the development of atomic power will have broadened sufficiently in the next 5 years to remove the need for such provisions.

Mr. GORE. Madam President, will the Senator yield?

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. Will the Senator elaborate on that language about the few companies which have access to the program?

Mr. KERR. Madam President, it is so apparent that this great program has been brought about first by Government expenditures of vast sums of money, and, second, through limited groups of great, powerful corporations, who had the facilities, and have developed them, both in equipment and manpower, that, as of this hour, they and they alone are in a position to go forward. They and they alone have the know-how that comes from vast research and great experience, therefore they and they alone are in position to reap great profit if permitted to create or develop monopoly in this vital field of endeavor. It was that which the President had in mind when he said he hoped the Congress would have some mechanism to assure that that limited number of companies who, as Government contractors and at Government expense, now have, and have had, access to the program, cannot build a patent monopoly. He also said he hoped that participation in the development of atomic power will have broadened sufficiently in the next 5 years to remove the need for such provisions. What provisions? The provisions of section 152, which were in the bill which the Senate passed.

The Atomic Energy Commission has unanimously recommended and urged the language contained in section 152 to achieve compulsory licensing. Every Government official with responsibility, prior to the formulation of this conference report, has set that forth as a prime, basic principle and requirement. The Joint Committee on Atomic Energy unanimously, with one exception, has stood for the establishment and the recognition and the implementation of that principle.

The Senator from Iowa, on the floor of the Senate, said that it was basic, that it was a principle that had been recognized by the President, by the Atomic Energy Commission, by the Joint Committee on Atomic Energy, and by the Senate itself, Madam President. The Senate wanted it to an even greater extent and more available extent than was contained in the language as brought to us in section 152. The Senate wanted that provision broadened.

I want to say that when the bill came to the Senate, section 152 provided a means for compulsory licensing, but it was a tortuous means. It was a restricted means. It was a limited means. It was limited to 5 years. It was limited by technical requirements.

I thank the Senator from Iowa and the Senate for accepting an amendment suggested by many Senators but, in the final analysis, it was put into words by the staff of the Joint Committee on Atomic Energy.

The Senator from Iowa brought back to the floor of the Senate the language which was accepted by the Senate under the Kerr amendment, and it was language calculated to implement section 152 of the bill. It was language calculated to make a reality of the recommendations of the President. It was language calculated to protect this country from the development of monopoly, which was in the minds of the President of the United States, Atomic Energy Commission, the Joint Committee on Atomic Energy, and the Members of the Senate when we approved that language and made it part of the bill. The bill went to conference, and I want to say to the Senate that section 152 disappeared. We talk about a performance of magic. The hand was quicker than the eye, and that language and that principle are no longer contained in the conference report.

My good friend from Iowa says, "No, that is not in it, but section 182 (d) is." I hope Senators will read section 182 (d). I have read it. I have combed it with a fine-toothed comb, and I say to the Senate that I do not know what it is; but, as the farmer said, "I know what it ain't."

I am much like the farmer who went to the zoo and saw a hippopotamus for the first time in his life. He was amazed and astounded, and was seeking information from the keeper of the zoo as to what that amazing phenomenon was. After some 30 minutes of explanation he shook his head, walked away, and said, "I don't know what it is, but I know it ain't a horse."

I do not know what section 182 (d) is, Madam President, but I know it is not protection from monopoly. It says "any license issued under section 103."

Let Senators read section 103. I challenge the chairman of the committee or any other Senator to find the word "patent" in that section.

Let Senators read section 104 (a) or section 104 (b), and, in connection with those sections, section 182 (d). The bill does not say that he who receives the license "shall agree." It says that the "Commission may require."

It is stated that a license received under section 103 shall have certain limitations. But section 103 does not relate to patents. It is not meant to include patents.

Sections 103 and 104 (b) were both in the bill when it came to the Senate, but the cross-licensing of patents was also there in section 152.

Mr. HICKENLOOPER. Madam President, will the Senator yield?

Mr. KERR. I am glad to yield to my good friend from Iowa.

Mr. HICKENLOOPER. I invite the Senator's attention to the fact that anything which is contained in an application for a license under this bill, or any statements or agreements or commitments contained in such application for a license, inhere in and become a part of the license when it is issued.

Mr. KERR. But that is only with reference to a license under section 103 or section 104 (b), which do not refer to a patent.

Mr. HICKENLOOPER. Madam President, I do not wish to trespass on the time of the Senator from Oklahoma, but if there is an agreement in the license with regard to cross-licensing patents, that inheres in the license and becomes an integral part of the license.

Mr. KERR. Madam President, I love the Senator from Iowa. He is a great man. He is a good man. He is an honorable man. But he is mistaken, because section 182 (d) refers only to licenses under section 103; and the word "patent" cannot be found in section 103.

Madam President, no Senator has a higher respect for private enterprise than has the senior Senator from Oklahoma. No Senator would do more, within the limitations and opportunities of his responsibility, than I would to protect private enterprise. But we do not protect private enterprise by creating monopoly. We do not foster an environment in which private enterprise can develop and expand by creating not only the opportunity for a monopoly, but also a condition from which only monopoly can emerge.

Madam President, more than 100 years ago this Government began to enact antitrust laws for the prevention of monopoly in limited fields. We could only contemplate fields which we could visualize. But who visualized the field of atomic energy?

When steam came along, suppose somebody had sought the opportunity to obtain a monopoly on its use. Suppose, when electricity came along, somebody had sought the opportunity to secure a patent and a monopoly on its use. Madam President, people would have risen up in every section of our great country to demand the prevention of such an occurrence. Yet such an opportunity is in this conference report with reference to atomic energy. There is no comparison between atomic energy and steam or electricity.

Under the proposed legislation, if someone should receive a patent for the cure of cancer, it would be his property, although it might have been formulated from knowledge gained as the result of a $12-billion expenditure by the Government.

I have watched the northern lights, or the aurora borealis, the most amazing natural phenomenon I have ever seen, compared to which all other things the Senator from Oklahoma has ever witnessed pale into insignificance. The same is true as we contemplate the future of atomic energy. We cannot see into the future. No man has yet discovered the source of the aurora borealis. No man has ever explained that mystery.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. JOHNSON of Texas. Madam President, I yield the Senator 2 additional minutes.

Mr. KERR. The aurora borealis is the most amazing phenomenon of nature man has yet witnessed. Yet as all other sights are pale as compared to it, so is it a minor event compared to the power and glory and future possibilities of atomic power. Behold what God hath permitted and what man has wrought in unlocking the magic door and solving of the mystery of atomic energy. Yet this has been done by the expenditure of $12 billion of Government money. This was the people's money and their interest in the results must be our primary interest. Shall we now take action which will permit a limited few, in opposition to the warning of the President and in opposition to everything we know, to gain a monopoly in this great field?

Mr. KEFAUVER. Madam President, will the Senator yield for a question?

Mr. KERR. I yield.

Mr. KEFAUVER. Does not the amendment of the Senator, which was stricken out in conference, follow almost exactly the recommendation of the President in his message to the Congress, which is printed on page 12 of part 1 of the hearings?

Mr. KERR. Indeed it does and the Senator from Oklahoma has made reference to that Presidential action.

The action of the Senate followed the language of the President. It followed the recommendation of the Atomic Energy Commission. It followed the recommendation of the joint committee. It followed the will of a majority of the Senate.

Senators should not now be intimidated by someone who says, "If the Senate does not accept the conference report it will deny the President the legislation which he wants."

I say to him, "Will the Senate deny the President the legislation he wants and the provision he wants for the prevention of monopoly merely as a tribute to the stubbornness of one man?"

I do not believe that the Senate will participate in any such unconditional surrender to the stubbornness of one man or the will of those whose purpose must be to permit the opportunity for the development of complete monopoly in the peacetime use of atomic energy.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. JOHNSON of Texas. Madam President, I yield 10 minutes to the distinguished Senator from Rhode Island [Mr. PASTORE], a member of the Joint Committee on Atomic Energy.

Mr. PASTORE. Madam President, merely for the purposes of emphasizing the amount of work devoted to this proposed legislation, I remind Members of the Senate that the Joint Committee on Atomic Energy devoted 14 months to a study of this measure. In that period we held 91 meetings, both executive and public. We listened to more than 200 witnesses.

I am amazed at this juncture to hear a rumor, which it now quite prevalent on the floor of the Senate, and which has been prevalent for several days throughout the corridors of the Capitol, that unless we agree to the conference report we stand a chance of losing for all time, and particularly for this session, all the work, all the study, and all the consideration which went into the preparation of this proposed legislation.

Madam President, I am one of those who do not believe that rumor. But if there is any substance to the rumor, the responsibility for such a result will fall upon the shoulders of the 6 Republicans who constitute the majority of the conference committee.

Madam President, we are not very far apart when we speak in terms of compromise and when we speak in terms of time that will have to be devoted to this problem in order to arrive at a reasonable and equitable bill.

It has been said many times on the Senate floor—and I think it worthy of repetition—that the taxpayers of the United States have spent more than $12 billion for fundamental research in the field of atomic energy. There are many—and I am included within that group—who feel that the time has come for private industry to play its part in this program. I am one of those who feel that the door should now be opened for all to come in, with a high degree of liberality, and make their contribution to the goal that we are trying to achieve through this act.

What are we saying, Madam President? We are saying to everyone in the United States of America who is engaged in free enterprise, "You can now take advantage of the $12 billion expenditure. There will be no restraints upon you. True enough, you will invest your own money, but all we are asking you to do is to adopt the same philosophy that brought this act into being." The United States is opening the door to all to come in, but by this very act we propose to allow the first few who come in to close the door to everyone else.

If that does not shock every sense of reason, if that does not destroy the philosophy of the act, if it does not emasculate the very motives which brought this act into being, someone will have to answer the question for me.

It has been argued that section 182 does not constitute a monopoly. All we have to do is to read it. It has been brought out very clearly today that before anyone can participate in this program he must apply under section 104b, which means that he will have to apply for a license in order to benefit from the research element of the program. Section 104 provides that once the practicability of the research has been established, an applicant may apply for a commercial license under section 103.

When the applicant comes in under section 104b, in the first instance, it is discretionary with the Commission as to whether or not it will require the licensee or the applicant for a license to agree to cross-licensing. I suppose the reason for the discretion in that part of the section is that now we are engaged in a research program, and everyone feels that those who come in must invest large sums of money for a very small return.

After this license has been obtained, and after we have reached the level prescribed by section 102, where the practicability is established, then an applicant may apply for a commercial license under section 103.

What does the bill provide in that respect? Section 182 provides that preference shall be given to licensees who agree to allow others to use the patents which they acquire within a period of 5 years.

The one hiatus in section 182 lies in the fact that there will be only one applicant, and there will be no opportunity to exercise any preference. Therefore, I maintain that it is an innocuous provision. It results in no preference because there will be no rivalry. The Commission will not be in position to say, "A shall have it because he agrees and B shall not have it because he will not agree," for the simple reason that it will be dealing with only one individual at a time. If that one individual refuses to agree, of course there will be no agreement for a cross-license.

The question has been raised as to the possible violation of the Constitution because article I, section 8, of the Constitution provides that the Congress can limit only the time of a patent, but not the exclusiveness of such patent.

There is a legal question as to whether the Congress has the right to deal with the question of the exclusiveness of the patent, or whether the patentee who applies has, under basic fundamental law, the exclusive right to the patent and Congress has the right to limit the time only.

If that confuses anyone, then I say, Madam President, let us rewrite section 182 so as to provide that no license shall be granted to any applicant unless he agrees to allow someone else to use any patent which he applies for or acquires within a period of 5 years, if such a patent is affected with the public interest and if it is designed to carry out the purposes of this law. I submit that if we rewrite section 182 in that manner, we will not violate any constitutional provision.

But that is not the reason the preference was written into the bill. The preference was included because there was a very clear intent, from the beginning, to leave the patent ownership question wide open and unrestricted.

The argument has been made repeatedly that cross-licensing of patents would stifle creativeness and initiative on the part of private industry. Under my suggestion we would be allowing private industry to obtain a patent. We would be allowing private industry to be paid for the use of the patent, which is the important thing. All we are saying to private industry is, "We do not want you, through the provisions of this law, to do to others what you do not want done to yourselves." To use positive language, "All we want you to do is to grant the same opportunities to those who follow you as we are giving you when we unlock the door to the benefits of a $12 billion investment." That is how simple my argument is.

What did the President of the United States say in that connection? He recognized the problem when he said:

Until industrial participation in the utilization of atomic energy acquires a broader base—

The broadness of the base is what I am talking about—

considerations of fairness—

Now we are talking about justice and equity—

requires some mechanism to assure that the limited number of companies—

Everyone recognizes that there will not be a stampede for these licenses. Not many have the money to enter this business. There will be only a handful of companies in the beginning—

to assure that the limited number of companies, which as Government contractors now have access to the program, cannot build a patent monopoly which would exclude others desiring to enter the field. I hope that participation in the development of atomic power will have broadened sufficiently in the next 5 years to remove the need for such provisions.

Madam President, every single member of the Commission who appeared before our hearings took the position that there should be compulsory licensing. That was unanimously agreed upon. They all took the position that it should be for a period of 5 years.

The PRESIDING OFFICER. The time of the Senator from Rhode Island has expired.

Mr. PASTORE. May I have 5 more minutes?

Mr. JOHNSON of Texas. The Senator does not have any more time. He has used every single minute he has, plus an additional minute.

Mr. PASTORE. One more minute to wind up up my remarks.

Mr. JOHNSON of Texas. I yield the Senator 1 minute.

Mr. PASTORE. Madam President, all I am asking is that we carry out the recommendation of the President, and the unanimous recommendation of the 5 Commissioners; that we rewrite into the bill what we originally wrote into it when it came to the floor of the Senate, and that we repudiate the views of 1 member of the committee and reestablish the judgment of the remainder of the joint committee.

Mr. JOHNSON of Texas. Madam President, will the Senator yield?

Mr. PASTORE. I have only 1 minute. Will the Senator give me another minute?

Mr. JOHNSON of Texas. Yes.

Mr. PASTORE. I yield.

Mr. JOHNSON of Texas. Does not the Senator believe, if we refuse to approve the conference report, that the bill can go back to conference, and the conferees can adjust the differences in a very few days, so that a bill may be enacted at this session?

Mr. PASTORE. In my opinion, such amendments have already been drafted. The joint committee knows what is going on. It knows what our problem is. I imagine the staff has already drafted suitable language. It would not require more than 2 hours to rewrite the bill the way it should be rewritten. It was written properly when it came to the floor of the Senate. Let us not be carried off by false rumors that there is a possibility of losing the entire law unless we knuckle down to the will of 1 or 2.

We do not take that kind of chance. If anyone dare do it, let him assume the responsibility of repudiating his own President.

The PRESIDING OFFICER. The time of the Senator from Rhode Island has expired.

Mr. JOHNSON of Texas. Madam President, I yield 1 minute to the distinguished Senator from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Madam President, I have prepared a statement setting forth the reasons why I oppose the conference report. I ask unanimous consent that the statement be printed in the RECORD at this point.

The being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KEFAUVER

THE GREAT ATOMIC HOAX

For nearly 2 years now, while the drive to amend the Atomic Energy Act was being whipped up, the people have been fed a constantly increasing flow of propaganda whetting their appetites for atomic power development while making such development appear well beyond immediate accomplishment.

Thus by keeping a bale of hay just far enough ahead of the mules, the private monopolists have been tempting the mules on toward the objective of rewriting the law which would turn this vast new resource over to private enterprise.

The bait has been this, "It's still a long way ahead, but you'll get it quicker if you will just let private enterprise, with its well-known zeal for competitive profits, take over." There has been constant intimation that as long as the responsibility remains with government, progress will necessarily be slow.

Thus, the record of statements by officials like Chairman Strauss of the Atomic Energy Commission and Chairman Cole of the Joint Committee on Atomic Energy have been full of such pessimistic utterances as "it will be 5 to 10 years," or "perhaps by 1975," or "it may be 25 years before it is really commercially feasible," or "it will be many, many, many years."

Increasingly this feigned pessimism has been belied by papers and articles appearing in technical and trade journals. But, of course, the general public does not read such journals.

So it would be safe to wager that a question to the average man met on the way to work in the morning would elicit the impression that, with the Government running the show, atomic power was still a long way off. He would probably add that Congress ought to hurry up and let private enterprise in on the deal so that the people could get cheap power out of the atom.

A few weeks ago the Electrical World, leading trade journal of the electric utility and electric equipment industry, carried an exciting story about two General Electric Co. atomic powerplant designs which the big company figures could produce electricity for 6.7 mills and 6.8 mills, respectively. This would beat the cost of coal-fired steam stations using coal costing about $9 per ton.

The general caption of the article said "Two Reactors Point Way to Wide Use of Atomic Power" and the subcaption said that "General Electric sees promise of A-generated electricity at competitive cost to utilities in 5 to 10 years."

The article cites a General Electric credo which holds, among other things, that "electric companies will own and operate a number of atomic powerplants within the next 10 years" and that "this will be accomplished without Government subsidy, for production plant construction or operation, and that the Government-supplied fuel will be priced at cost-of-production levels."

Thus it is becoming clear that, as they begin to feel that the giveaway atomic energy bill is a cinch, they are beginning to tell each other that the Government-sponsored program has actually brought the technology of atomic power production to the point where all that is required is the investment of $75 to $100 million in a big atomic powerplant to show that atomic power is already feasible, is already realized as a part of the country's power economy. The people, if they knew it, could dictate the terms on which private enterprise would be allowed to participate, instead of being allowed to dictate the terms of the new atomic energy bill as the price of giving the people economically feasible atomic power.

Nor is this the whole story. For the August 9 issue of Electrical World brings us a lead editorial with the caption "Nuclear Power Progress Can Be Speeded." As I will note in a moment, the McGraw-Hill editor's prescription for speeding progress does not by any means fit in with the patent sections of the atomic-energy bill as reported back by the conferees.

But, before discussing that point further, I want to call attention to the first paragraph of the editorial. It says:

"Almost phenomenal progress has been made in nuclear power in the last 6 months. Before that hardly anyone promised a physically feasible plant in less than 10 years, and each asked for another 10 to establish economic practicality. More recently these periods have been halved, not once but twice, and the hope is now held out that nuclear kilowatts will be on the line within 3 years."

This statement ought to throw an entirely new light on the need for hasty and ill-considered legislation, designed to give away the fruits of the people's huge investment which has made progress to date possible.

Three years is no more than the time required for construction of any large steam electric station. That means that feasible atomic power has arrived, under the McMahon Act. It means that feasible atomic power has arrived with the Federal Government serving as the general organizing center and financier for all the experimental and development work. It means that we do not need drastic changes in the McMahon Act to enable the people to get the fruits of their labor in lower cost electricity.

In fact, this editorial opens wide the doors to the real situation in which the bill, which the sponsors are trying to rush through Congress, will mean the higher cost power resulting from monopoly control, rather than the low-cost power which would be possible with a Government atomic-power program paralleling and competing with licensed private development.

The bill, as reported back from conference, would close the doors on such an active Federal program competing with the development of atomic-power stations as part of private utility systems. It would close the doors on the opportunity of the country's 2,000 municipal electric systems and 1,000 rural electric cooperative systems to obtain low-cost power supply from their Government's atomic-power resource.

The only opportunity for a truly balanced American system of private and public development of this new and mightiest energy resource was closed when the conferees struck out or emasculated the Senate amendments which would bring the development of atomic power under the same power policy which Congress has consistently written into all laws governing the use of the Nation's waterpower resources.

Any argument that the two resources are different in terms of the public interest is sheer hypocrisy, designed to deceive the people, and even Members of Congress, and so ram a bill through which will constitute the biggest giveaway in the history of the American people.

The proponents of this bill would constantly persuade us that it is not a power bill. Yet the interests which are pressing for its enactment are primarily power interests, electric equipment industries, and those other industries which require large quantities of low-cost power or which see possibilities of profit from the patents associated with its development.

There is not a business or trade paper or journal in the country that does not discuss the bill primarily in terms of the fact that it will open the development of atomic power to the private power industry.

The leader in the organization and conduct of the Atomic Industrial Forum is Walker Cisler, president of the Detroit Edison Co., the utility executive who has most openly favored legislation which would amend the Federal Power Act to free big electric utilities to engage in interstate commerce without coming under Federal regulation.

Unquestionably his attitude was reflected in the opposition to extending Federal Power Commission regulation which applies to licensees for waterpower development to apply also to licensees for atomic power development. A review of what happened to critically important amendments, offered with the purpose of including the licensing of atomic power development under the same policy provisions as Congress has established to protect the public interest in waterpower development, is significant of the extent to which the bill is a power bill, rather than the contrary.

Let me discuss briefly the amendments which have been offered and their fate to show that the bill under consideration is not in the public interest.

In the first place, we should face clearly the fact that the bill, as originally reported to Congress by the joint committee, was designed to let private power companies in and get the Federal Government out of the atomic power business as rapidly as possible.

In the second place, the bill provided that AEC could issue licenses for private atomic power development without a single one of the safeguards for the public interest in electric power that Congress has consistently applied to the licensing of waterpower development.

In the third place, the bill did not contemplate in any of its provisions a Federal program of public atomic power development to enable the people of the country, if they choose, to use their own credit to obtain low-cost wholesale power supply for their own community public and cooperative distribution systems.

In the fourth place, the bill did not contain a single provision according such community systems a preference either as purchasers of energy developed incidental to the operation of the facilities of the AEC, or as applicants for licenses to develop atomic electric power.

In both the Senate and the House a series of amendments were introduced to cure these deficiencies by making the provisions of the revised act, insofar as they involve the development of atomic electric power for commercial uses, consistent with the power policy which Congress has written into the laws of the land. But not a single one of these amendments survived the handiwork of the conferees in any effective form.

There was the amendment introduced in both the House and the Senate to establish the basis for a sound AEC-Federal power agency program which could develop a certain amount of public atomic electric power to provide a yardstick influence in an industry which might otherwise veer toward an all-out private monopoly. What happened to this amendment? It was defeated in the House but passed the Senate, and when the bill went to conference, the conferees eliminated this provision and substituted a number of modifications of the language of existing provisions which did no more than clarify what the act had authorized in its original form. The possibility of Federal participation in the atomic power program,

so far as the bill is concerned, is out the window.

Furthermore, the conferees accepted a contrary amendment which had passed the House, limiting the power distribution activities of the AEC to electric energy produced as an incident to its research, development, and demonstration activities. This combination alone renders the bill a threat to the public interest in electric power and a precedent of dangerous import in terms of existing Federal power programs.

The amendments, designed to recognize the traditional preference for public bodies and cooperatives which has been in laws passed by Congress for nearly 50 years, have actually been turned into a vehicle for serious damage to that vital principle. By insertion of the words "insofar as practicable" in each one of these amendments, the effectiveness of the provision has been nullified. But, far worse, if the bill is enacted without striking out these misleading inserts, a congressional underscored precedent will have been established which will damage the case of rural electric cooperatives and municipal electric systems throughout the land.

The record in the House suggests that the preference provisions, so canceled out, have been allowed to stay in the bill to accomplish the very opposite purpose from that which actuated the sponsors of the original amendments.

For this reason, I feel sure that the rural electric cooperatives throughout the country, who are watching our action on this bill, will recognize these amendments as amended by the conferees as a Trojan horse of the private power companies.

Then we may turn to a series of amendments, introduced in the House or Senate or both, designed to make clear the purpose of Congress in the field of atomic power development as well as congressional recognition of the importance of atomic electric power to the country's future, second only, if at all, to the importance of the military aspects of atomic development.

These included proposed additions to the statements of findings and purpose, as well as provision for the setting up of a Division of Civilian Power Application and an Electric Power Liaison Committee.

None of these amendments can be found in the bill before us, except for the vestigial remains of the Division of Civilian Power Applications, in language which does not highlight the importance of the Commission's functions in developing or licensing atomic-power development at all.

In other words, a bill which, if passed, would constitute, by all odds, the most important piece of power legislation in two decades, is still being offered in a form which successfully masks its major purpose. The reason that major purpose is masked is because it would be intensely unpopular. The purpose of the sponsors, as shown clearly by the handling of all power-policy amendments, is to turn the development of atomic power over to private monopoly with as few public-interest strings on it as possible.

I do not believe that Members of the Senate want to be parties to such a gigantic giveaway.

Now I have said that private-power monopoly not only wants a bill enacted which will get the Federal Government out of the atomic-power business and turn it over to them, but they want it turned over to them so far as possible without regulatory strings. To prove my point, I want to refer very briefly to the fate of a series of amendments designed to bring the licensing of private development of atomic power under the same provisions as the Federal Power Act applies to private waterpower development.

With the exception of certain procedural amendments, every one of these amendments failed to find a place in the bill before us.

The Federal Power Act says that, in entertaining applications for licenses for waterpower development, the Federal Power Commission must first determine whether the United States itself should not make the development and must turn down the application if it makes such a determination. There is no similar provision proposed in connection with the consideration of license applications for atomic-power development under the proposed bill.

The Federal Power Act says that where their applications conflict with applications of private companies for development of a waterpower site, States and municipalities shall enjoy a clean-cut preference. As already noted, the conferees have reduced an amendment intended to write the same provision into the Atomic Energy Act to a zero, by incorporating the words "insofar as feasible."

The Federal Power Act says that licensees for development of the people's waterpower resources shall not claim more than net investment in the project as part of a rate base. A proposed amendment incorporating the same condition into the atomic energy bill before us was rejected.

The Federal Power Act says that at the end of the license period, the United States may take over and operate the hydroelectric project on payment of the net investment, plus severance damages, and that, in connection with issuance of a new license, States and municipalities shall enjoy the same preference as they do in connection with the issuance of the first license. An amendment to this effect was rejected.

Finally the Federal Power Act gives the Federal Power Commission authority to regulate the books and accounts, as well as to require reports from private power companies holding licenses for development of the people's waterpower resources, irrespective of whether or not they are engaged in interstate commerce. This is related to the privilege of using a public resource and involves no invasion of State jurisdiction over intrastate electric rates. But an amendment to extend the same regulation to private power companies granted the privilege of developing the people's atomic-power resources was watered down to the point that it is meaningless, on the ground that it was socialistic and an invasion of States' rights.

In other words, we have before us a naked atomic power bill, unclothed so far as the basic conditions hewn out over the years by Congress to protect the public interest in electric power are concerned. In the name of decency, we should send it back to the conferees with instructions to put on the necessary clothes. They will be found in the bill as passed by the Senate.

There are many other parts of the bill which are out of line with sound public policy. The international section puts obstacles in the way of, instead of facilitating, President Eisenhower's great plan for cooperation in the peactime uses of this new resource.

The antimonopoly provisions are ineffective and the least that should be done would be to ask the conferees to restore in full force and effect the provisions of the bill as it passed the Senate.

The bill has come back from conference with its patent provisions wider open to the establishment of monopoly control of this new atomic industry than the original bill as it was reported by the joint committee. Not only have the important amendments introduced by Senators KERR and LANGER and adopted by the Senate been stricken, but the conferees have gone further and accepted the version of the patent provisions adopted by the House. Thus the bill has altogether eliminated the compulsory or discretionary licensing of private patents by the Atomic Energy Commission during a transition period.

The provision for licensing patents may be interpreted as providing for a period of pooling patents. And the pooling of patents might well have the effect of stimulating progress which might otherwise be slower. Monopoly has never brought about great technical progress.

This is recognized in the same Electrical World editorial on Nuclear Power Progress Can Be Speeded, from which I have already quoted statements to the effect that nuclear kilowatts will be on the line in 3 years. This ably edited trade journal is apparently not convinced that the best progress can be attained by each corporation going off into its corner and hugging its own patented invention. Says the editor:

"What could be seriously wrong with setting up a manufacturing pool to coordinate present disjointed efforts to make nuclear power feasible and competitively economical? It could provide a means for stimulating calm and logical decisions by a composite staff dedicated to sustainable composite answers on each detail. * * * The pooled technology would be able to offer the nuclear power field the best possible developments in facilities whether for small mobile power, for propulsion in submarine, aviation, and rail fields, for export to industrially backward nations, and, above all, for sale of big units which utility power plants require.

"Utilities could well stay out and let the equipment manufacturers merge their efforts toward the end indicated. Utilities need not hazard capital funds until a physically workable and economically feasible plant is ready to purchase. Then they would presumably do as they have consistently done when building orthodox steam plant, namely, stipulate names of makers of each constituent piece of equipment no matter who designs that plant as a whole. Individual manufacturers in the pool thus would still have to compete for their share of the nuclear equipment business. That feature alone should forestall any cry of 'monopoly'."

Then we come to this very interesting statement which may well be emphasized in support of a proposal to postpone hasty legislation at this time. The editor concludes:

"The Atomic Energy Act now apparently sanctions the pooling pattern outlined. Each manufacturer of reactors and accessories should ask himself whether he would not gain more than he sacrifices by entrusting his present nuclear ventures to an industry hopper for the sake of a sounder and faster progress in 'power from reactors'."

In its consideration of the report of the conferees the Senate faces a far-reaching choice between a huge giveaway of the people's atomic resources to controlling monopoly or sending the bill back to conference for restoration of all the Senate language designed to extend congressionally established power policy to the atomic power business and remove the cramping grip of monopoly from this new industry. I will cast my vote in favor of the latter course, knowing well that if the result is to delay amendment of the McMahon Act until the new Congress meets, the statute already on the books is broad enough to meet the need for another year.

Mr. JOHNSON of Texas. Madam President, I yield 5 minutes to the Senator from North Dakota.

Mr. LANGER. Madam President, I shall vote against the conference report. As chairman of the Judiciary Committee and as chairman of the Subcommittee on Antitrust and Monopoly Legislation, I have known that there is no question but that the amendment written into the original bill would have protected the

people. That amendment reads as follows:

Any patent hereafter granted for an invention or discovery useful in the utilization or production of special nuclear material or atomic energy which is found by a court of competent jurisdiction to have been intentionally—

I emphasize the word "intentionally"—

used by the owner thereof for the violation of the antitrust laws specified in subsection 105a may, on conviction of the owner for such violation, and in the discretion of the court, be forfeited and be declared to be the property of the United States, to be held by the Commission as the agent for and on behalf of the United States, and to be available for license to any person without payment of any royalty fee.

In other words, that amendment would protect the common people, the rank and file of our people. That provision has been amended by the conference. It has been watered down and made almost useless. I want to read how it has been changed, and you will note how the watering down is all in favor of the big corporations, and against those whom I represent here, to wit: the rank and file of our people. If anyone thinks that the senior Senator from North Dakota has come to the Senate to vote for great big corporations who intentionally violate the law you are greatly mistaken. The voters of North Dakota sent me here to do just the opposite and to treat all folks fairly—rich or poor, strong or weak. Let us see what was done to that section. It now reads:

SEC. 156. Monopolistic use of patents: Whenever the owner of any patent hereafter granted for any invention or discovery of primary use in the utilization or production of special nuclear material or atomic energy is found by a court of competent jurisdiction to have intentionally used such patent in a manner so as to violate any of the antitrust laws specified in subsection 105a., there may be included in the judgment of the court, in its discretion and in addition to any other lawful sanctions, a requirement that such owner license such patent to any other licensee of the Commission who demonstrates a need therefor. Such licensee shall pay a reasonable royalty fee, to be determined in accordance with section 155, to the owner of the patent.

In other words, if a corporation intentionally violates the law, that corporation, instead of losing the patent and having the patent go back to the Commission and to the United States, can turn the patent over to a subsidiary or another person, who may even have been a party in the original antitrust agreement although not arrested or convicted by the Government. Therefore, instead of protecting the people, that section protects the corrupt corporations who intentionally violate the law.

I may say, as all Senators know, that it has been a terrific job to enforce the antitrust violations up to this time—all during the last 60 or more years. Up to now, whether we have had a Democratic Attorney General or a Republican Attorney General, no one has gone to jail for antitrust violations. Now, for the first time we have an Attorney General who, when anyone pleads nolo contendere, brings that person when he again violates the law before a judge and has him fined for contempt of court. In my opinion an honest effort is being made to have those who plead nolo contendere brought to justice whenever they violate the antitrust laws a second time. Our REA co-ops will be helpless unless the antitrust laws are enforced. Under the conference report enforcement would be a joke.

Mr. KEFAUVER. Madam President, will the Senator from North Dakota yield?

Mr. LANGER. I yield.

Mr. KEFAUVER. I believe the fact that the Senator's amendment was watered down and emasculated is a good argument against accepting the conference report. Is it not true that in almost all large industrial fields during the past 2 years, according to the report of the Federal Trade Commission, there has been a large concentration and a large number of mergers and monopolies, which we certainly do not want to have started in the field of atomic energy.

Mr. LANGER. They have grown by leaps and bounds. Small businesses are going bankrupt. This year 50 percent more small businesses have gone bankrupt than a year ago, as is shown in the Wall Street Journal report.

Mr. KEFAUVER. Has not the Senator's own subcommittee pointed out the need for tightening controls on industry, instead of slackening them, which would be done if this conference were agreed to.

Mr. LANGER. It is essential, if we are going to protect the public, to have this amendment retained in the bill. The entire Dixon-Yates contract stinks to high heaven.

Mr. KEFAUVER. That is correct.

Mr. CLEMENTS. Madam President, I yield 8 minutes to the Senator from Virginia.

Mr. ROBERTSON. Madam President, it may seem a bit strange to those who read the debates in the CONGRESSIONAL RECORD of today, to read that a lifelong and loyal Democrat rose on the floor of the Senate and appealed to his Republican colleagues to stand by the recommendations of a Republican President, and thus perhaps deprive the Democratic Party of what might otherwise be a very valuable campaign issue in the November elections.

The Republican President is against monopoly, and very properly so, because it was a great Republican Senator from Ohio who sponsored the Sherman Antitrust Act in the 51st Congress, which was a Republican Congress. Officially, the Republican Party has been against monopoly ever since. The Democrats are against monopoly, and it was a great Democrat named Clayton who sponsored the first major amendments to the antitrust laws in the 63d Congress, and the Democrats have been against monopoly ever since.

By happenstance there have been more rich Republicans in the North than rich Democrats in the South, and consequently the antitrust laws have been used perhaps more frequently against the Republicans than against the Democrats. However, that does not alter the fundamental principle that one is either in favor of the welfare of the people of the Nation, as a whole, or he is in favor of concentrated wealth, which will gouge the consumer if the antitrust laws are not applied.

President Eisenhower does not want the future tremendous development of atomic energy monopolized.

He wants all to share in a program that has already cost the taxpayers of this Nation $12 billion, and under which the Atomic Energy Commission already has patented over 700 devices, with the end not yet in sight. Every one of those devices is open to all the people.

Therefore the President recommended, and the Atomic Energy Commission unanimously recommended, that we write into this law a compulsory provision for 5 years of cross licensing, to prevent monopolistic control. That provision was unanimously adopted by the Senate. We went beyond that, because without any protest, so far as I know, the distinguished vice chairman of the joint committee said he would accept the Kerr amendment and take it to conference, and that increased the period to 10 years.

I am asking that the Senate uphold the position of a Republican President as against monopoly and send the bill back to conference with an expression on our part that the minimum we want is to restore the language sent to us by the Atomic Energy Commission providing for 5-year compulsory cross-licensing, on which the Senate was unanimously agreed.

Let no one argue that the weasel words substituted will do the job. It is said that we will give preference to those who agree to cross-license, but everyone knows that in these costly undertakings the word "preference" becomes meaningless when we are forced to deal with only one corporation, and it says, "We do not agree to give our secrets to anyone, and when we patent a secret we shall rely on the patent laws to use it to our our advantage."

So, Madam President, we must stand up and be counted on a fundamental issue today. We are either for the people and against monopoly, or we are for monopoly and vested interests.

The junior Senator from Virginia takes his stand for the people on that issue.

The second thing that was done to this conference report was to add, for the first time in any preference law, the qualifying words, "insofar as practicable."

We passed a number of acts relating to public power, and after 1934, when we organized rural electric cooperatives, we said they should have preference along with municipalities and other public agencies with respect to any power developed by a powerplant built and operated by the Government. That was provided in reclamation laws, in flood-control laws, in all laws dealing with the development of power. We put it into this bill on the Senate side, without a dissenting vote. What happened? It went to conference, and the words were changed. The conferences changed them in the Johnson amendment with reference to the sale of surplus

power from a plant built and operated by the Atomic Energy Commission. They changed them in the Gillette amendment with reference to the distribution of byproduct energy. They changed them in the Humphrey-Pastore amendment concerning licenses for the generation of electric power.

Madam President, there are some words which are so simple and so fundamental in their meaning that to qualify them is to weaken them. As Voltaire said, "The adjective is the enemy of the noun." With reference to truth, honesty, courage, and loyalty, who stands on this floor and says, "insofar as practicable"? Who stands on this floor when we hold up our hands and swear on the Bible that we will uphold and support the Constitution of the United States, and then says, "insofar as practicable"?

Madam President, I heard that one reason for this change was because of a situation in one of the New England States where there were no cooperatives in a given area. It is changed all through the bill, and changed for a purpose. It gives some future agency a discretion under which preference may be denied on a flimsy excuse. In the realm of discretion it would probably stand up in the courts.

A few days ago I supported a flexible farm bill recommended strongly by the chairman of the Committee on Agriculture and Forestry, the Senator from Vermont [Mr. AIKEN]——

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. ROBERTSON. Madam President, I ask for 2 additional minutes.

Mr. JOHNSON of Texas. Madam President, I yield 2 additional minutes to the Senator from Virginia.

Mr. ROBERTSON. It also was recommended by my colleague from New Mexico [Mr. ANDERSON]. Both of those Senators are devoted to the welfare of the farmer. I felt they were right in saying that in the long run our farm interests would be promoted if we gave them freedom and did not restrict them until the little man was restricted to the point of stabilized poverty.

Madam President, I am devoted to agriculture. I feel as Jefferson felt when, 24 years after he was elected to office, he said, "When I first entered on the stage of public life I came to a resolution never to wear any other character than that of a farmer."

Jefferson loved the mother earth from which he drew strength and inspiration. He was a practical farmer. He was a friend of the farmer, and he hoped the time would never come when more than 50 percent of our people were engaged otherwise than in farming. Now only 14 percent of our people are farmers and they receive only 7 percent of the national income.

One of the best things I ever did to help farmers was to vote to give them the benefit of cheap electric power.

I want any Senator who does not believe in that program and is not willing to stand by the President and the Atomic Energy Commission in giving REA preference with reference to public power from fissionable material to vote his conviction. But let him not think he is fooling anyone on this floor or in the rural areas of the Nation if he votes to modify or qualify that simple word "preference." We are either for the farmers or we are against them.

The PRESIDING OFFICER. The time of the Senator from Virginia has again expired.

Mr. MORSE. Madam President, I had prepared some remarks on the conference report on the atomic energy bill, which I did not take the time to make during the debate on the report. I ask unanimous consent that my remarks be printed in the body of the RECORD, at a point prior to the vote on the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE

I would like to remind this body that the extended debates which took place here some days ago and the conference report we are confronted with at this time all relate to an effort being made to pass an amended atomic energy bill. The pressure for passage of this bill derives, ostensibly, from the desire of its proponents to meet the request of the President for amendments which would accomplish two purposes, (1) to facilitate the international exchange of information among the nations of the free world on peacetime uses of nuclear resources and (2) to facilitate increased participation of private enterprise in research and development of peacetime uses of nuclear resources.

I am emphatically in favor of both these general aims, as, I believe, is every other man who has attempted to amend this bill. Near the end of the last debates it was asserted on this floor that Senators attempting to amend this bill had been misled, misled by groups which were actually enemies of private enterprise. That statement was an unjust and unfair reflection upon the Members of this body who have fought to improve this bill; it was a reflection upon our intelligence; it was a reflection upon the many fine groups in this country who have asked us, individually and collectively, not to pass this bill either as it came from the joint committee originally or as it appears here in the conference report. The attempt to malign either the Senators who have fought to improve this bill and the peoples organizations who have solicited our assistance to that end will not be successful. When the facts are known; when the cards are down; when all has been said and done it will be those who have attempted to ram through a giveaway bill who will be held to account, by the people and by private enterprise. I do not believe that private enterprise must be handed bonanzas like this to survive. Indeed, I do not believe that a majority of the businessmen of this country favor the passage of a bill which will promote not private enterprise—but private privilege.

THE GIVEAWAY OF THE UNIVERSE

In the early part of the 19th century when the champions of privilege of that day were battling to maintain the trade barriers and monopolistic privileges which had come down from feudal times, a French writer, Frederic Bastiat, wrote an essay entitled, "Petition of the Candlemakers, a Petition from the Manufacturers of Candles, Waxlights, Lamps, Chandeliers, Reflectors, Snuffers, Extinguishers; and from the Producers of Tallow, Oil, Resin, Alcohol, and Generally Everything Used for Lights." This essay is a great classic in the literature of satire and the literature of competitive enterprise. In this essay, Bastiat reduced to absurdity the arguments of the champions of trade restriction. In this fictitious petition, Bastiat urged the French Parliament to pass a law to encourage private enterprise. He wrote:

"Our petition is, that it would please your honorable body to pass a law whereby shall be directed the shutting up of windows, dormers, skylights, shutters, curtains, * * * in a word, all openings, holes, chinks, and fissures through which the light of the sun is used to penetrate into our dwellings, to the prejudice of the profitable manufacturers which we flatter ourselves we have been enabled to bestow upon the country."

The petition, in short, called for an act of the Parliament to restrict the competition of the sun with the candlemakers and allied vested interests. It was a long recitation of the national benefits which would flow from barring competition from the sun. It was a plea for privilege, for restriction of output, for denial of the right of all of the people to equal benefits from the sun and a plea that every man be made to pay tribute to producers of artificial lights. The justifications for such a procedure were as logical as they were absurd.

This petition comes to mind when I consider this conference report. For this report, and the bill it recommends to this body, are a plea for the passage of legislation, in the name of private enterprise, presumbly competitive, free private enterprise when the results of this bill would bear little or no relation to the purposes which it purports to further. This bill is a bill to promote private monopoly and a gigantic giveaway of the peoples' resources; it is a bill which would facilitate not the development of atomic energy for peacetime purposes, but the development of private privilege monopoly, and free income, that is, unearned income.

Yet this bill, like the petition of the candlemakers, is brought to us in the name of free competitive private enterprise. Like the petition of the candlemakers, the logic of the proponents of this bill is as sound as it is absurd.

We are advised that this bill is designed to promote participation of private individuals and corporations in the development of peacetime uses of nuclear resources. Yet this bill is loaded with provisions which will only create monopoly and permit a handful of great corporations to corner the market on much of the know-how of this great new resource.

This bill deals with the stuff of the universe, the very forces of physical creation. Yet this bill has been brought in here as though it were dealing with the latest plans for the Post Office or rivers and harbors.

There is sound reason to believe that the forces we have uncovered in the nuclear field in recent years will have an impact upon humanity which will dwarf the influences growing out of the discovery of America, yet the approach here is casual—too casual for my taste and that of millions of Americans.

As a matter of fact, I do not really believe the actual approach is casual. I think it is only made to appear so. For I believe that the overwhelming purpose of this bill is a gigantic giveaway of resources, in techniques, knowledge, fuels, and what have you.

If the proponents of this bill are acting in good faith, why should they attempt to ram through a bill facing such opposition? Why were the amendments adopted in this body before the bill went to conference emasculated in conference? Those amendments were directed at protecting the people's investment, protecting the freedom of public bodies and cooperatives in participating in this great resource, protecting the people from a private monopoly on atomic-electric power, protecting the people from bottlenecking and profiteering on patents in this field of research. The proponents of this bill would, in the abstract, support every one of these principles just named, yet in the origi-

nal bill and in the conference report those principles are bludgeoned to death or emasculated to impotency. Does this not reveal the intention of those behind this bill? Is it not true that by their works shall ye know them? Is it not true that many of the proponents of this bill may have been misled by the champions of monopoly privilege into believing that this bill is good and that they will wake up shortly with a tragic hangover from the mental spree on which the friends of monopoly have led them these weeks?

I think the answers to all of these questions would lead to only one conclusion. This bill should not be passed this session, or, if it is, those who stress the urgency of its passage should ponder the consequences of the passage of it in this form and yield to the will of the majority of this body and insert in the bill the amendments passed by the Senate, and in their original form. This is the least that we can expect as an evidence of good faith on the "urgency of this bill."

On behalf of the taxpayers, consumers, farmers, indeed, on behalf of all of the people of this Nation, except those who pant with the passion of monopolistic desire, I urge that this bill be recommitted with instructions to accept the Senate amendments as approved by this body and with instructions to strike all portions of the bill in conflict with those amendments.

Mr. HICKENLOOPER. Madam President, I yield 2 minutes, or whatever time may be necessary, to the Senator from Michigan [Mr. POTTER].

Mr. POTTER. Madam President, I take this time to propound two questions to the distinguished chairman of the committee, the Senator from Iowa.

Would an electric utility company, acting as a licensee under the Atomic Energy Act, as amended, but operating within a single State and having no license to transmit electrical energy across that State's border to a sister State, be considered as engaged in interstate commerce within the meaning of this amendment so as to subject that electric utility company to the regulatory provisions of the Federal Power Act?

Mr. HICKENLOOPER. It is my personal opinion that the answer to that question is "No."

Would an electric utility company, acting as a licensee under the Atomic Energy Act, as amended, and not now subject to the regulatory provisions of the Federal Power Act, and having no license to transmit electrical energy across that State's border to a sister State, but serving customers within its own State, such as manufacturers of steel, automobiles, drugs, stoves, furniture, and other products, who are themselves engaged in interstate commerce, would such an electric utility company become engaged in interstate commerce by reason of supplying electrical energy to such customers within its own State and thus become subject to the regulatory provisions of the Federal Power Act?

Mr. HICKENLOOPER. The Senator from Michigan has presented that question heretofore. I have sought the advice of counsel on the specific question which the Senator is asking for the RECORD, and I would answer that it is my own personal opinion and that of counsel that the answer to the question is "No."

Mr. POTTER. I thank the Senator from Iowa.

Mr. HICKENLOOPER. Madam President——

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HICKENLOOPER. I yield myself 5 minutes.

Madam President, the cry of "monopoly" is always a clarion call by which politicians can rally support and excite crowds. It is difficult to discuss a bill and point out something which is not there. There is nothing whatsoever in this bill which would create monopoly. There are provisions throughout the bill to prevent monopolies, and providing punishment for monopolistic practices and monopolistic activities. The licensing sections provide for licensing of those who can qualify, both public and private cooperatives, and public bodies.

In my judgment, there will be no more of a monopoly than may have existed in the past—in fact, not as much. There will be no more of a monopoly in this field in the future than there has been in the electric business or the electric activities of this country during the period of development of electricity in past years.

The great misconception prevails that the uranium business is something which can be taken into a small enclosure and there concealed and held as the personal property of some individual or group. Again I submit that there is not the slightest evidence in the bill that that can be done. In my judgment, those allegations are only for the purpose of exciting those who are not thoroughly familiar with the bill.

Mr. BRICKER. Madam President, will the Senator yield?

Mr. HICKENLOOPER. I believe that Members of the Senate who have made such allegations have been misinformed.

I now yield to the distinguished senior Senator from Ohio [Mr. BRICKER].

Mr. BRICKER. There could be no monopoly unless it were with the consent of the local governing body, because a franchise is necessary before any organization producing power can go into any city. Is that not true?

Mr. HICKENLOOPER. That is correct, but the alleged monopoly over the right to use atomic energy is nonexistent in the bill. If a public utility or a cooperative should receive a license to use it in a certain area, it would not necessarily have a monopoly over the material, but it would have a power monopoly in that community similar to the power monopoly which now exists in every community.

Mr. BRICKER. It is inherently a public utility.

Mr. HICKENLOOPER. It is a local monopoly.

Mr. BRICKER. And the Commission must furnish, under lease arrangement, the source material to all under equal conditions.

Mr. HICKENLOOPER. The Senator is correct. I wish to make it clear in the RECORD, however, that this is dangerous material, and any applicant for a license must meet certain qualifications of ability to handle such dangerous material, so as to protect the public against infection.

Mr. BRICKER. That provision relates to the health and safety of the public.

Mr. HICKENLOOPER. Otherwise, the license is nonexclusive, and is open to anyone who can qualify, subject only to the limitation of the amount of material which may be available for such use.

Mr. BRICKER. I ask the Senator whether or not this material would become the property of the power-producing company or whether the title would still remain subject to recapture by the Atomic Energy Commission.

Mr. HICKENLOOPER. The essential part of the material is leased to the licensee. The only reason in the world for the lease is that of the national security, against the time when our Government may have to recall that material for weapon production. Frankly, that is the only reason in the world to justify such a lease. If it were not for that, uranium and its products would be as free as any other metal in the ground, or the oil which so abundantly blesses the State of the Senator from Oklahoma.

Mr. BRICKER. I thank the Senator from Iowa.

Mr. HICKENLOOPER. I yield 3 minutes to the Senator from Wisconsin [Mr. WILEY].

Mr. WILEY. Madam President, much has been written about what the conferees on the atomic energy bill should or should not have done. In the midst of other passing and pressing activities, I have been glad to give consideration to the portions of the conference report which have caused so much discussion.

I have reference particularly to the REA challenges referred to on page 12; in section 44, the words "insofar as practicable"; and on page 36 the same words, "insofar as practicable." I have discussed the subject with both Democrats and Republicans. I have received numerous telegrams from REA officials in my own State. I have talked the matter over with representatives of the President, and I have discussed it personally with the President of the United States.

These are the closing days and hours of this session. Men differ on practically everything, including the meaning of language and the significance thereof. Personally, I do not believe that the language which I have discussed—"insofar as practicable"—has the limiting effect that has been stated, but I am informed that steps will be taken by joint resolution to clear up this question. That would eliminate probably the largest issue. Of course, if the report fails, then the conferees can make this change.

If the bill should become law, the real question would be, Is it in the public interest? To me, that is the sole criterion.

I remember what the distinguished late Senator Vandenberg, of Michigan, said about Senators. He said that for 5 years we are statesmen, and the sixth year God Almighty does not know what a Senator is. Sometimes I think in an election year God Almighty does not know what Senators are, for the simple

reason that Senators allow the political equation to enter into and dictate their activities and their reasoning. That, of course, is not true of anyone listening to me here today. Politics does not enter into our work here today—or does it?

I am assured by the President of the United States that he has had the advice of the best authorities in relation to the objections of officials of the REA and others in relation to the patent section.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. HICKENLOOPER. I yield the Senator from Wisconsin 2 more minutes.

Mr. WILEY. In relation to the objections raised, the President stated that he had written to the Senator from Iowa [Mr. HICKENLOOPER] on the subject. The President stated to me that in his opinion the passage of the bill was in the public interest, and that it would not create a monopoly.

Madam President, the President is the leader of my party, and he has the confidence of the American people. I am not a member of the committee which has had this question under consideration. I have listened to much that has been said on the floor of the Senate relative to the subject. I understand that the conference report was signed by all but 3 of the conferees, those who did not sign being Democrats, 2 in the Senate and 1 in the House.

In view of all of the facts and circumstances, and the direction and wisdom which come from the White House, I feel that I should support the conference report. Also, in order to clear up the maze of misunderstanding, I shall vote to delete, by joint resolution, the words "insofar as practicable."

Mr. GORE. Will the Senator yield?

Mr. WILEY. I yield to the Senator from Tennessee.

Mr. GORE. Does the Senator seriously propose that the Senate agree to the conference report and write it into the law, and in the very same breath pass a joint resolution repealing the same things? Would not that be a bizarre performance?

Mr. WILEY. I do not know what the distinguished Senator means by "bizarre." I have seen a good many bizarre performances and a number of jackass performances in the Senate, but I would not say this was one of them; legislative action to strike out the clause referred to makes sense to me. It would not repeal the bill.

If we admit in humility that there is confusion, and we clear it up by striking out a clause, we are doing the constructive and statesmanlike thing. That is all that has been suggested. To quarrel over the method is foolishness, unless of course there is some political end to be served.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HICKENLOOPER. Madam President, our time is growing very short. I yield 2 minutes to the Senator from Oregon [Mr. CORDON].

Mr. CORDON. Madam President, I shall vote to adopt the conference report. In doing so, I want it understood that I am not in agreement with a number of the items in the report. I believe that ultimately the meat of section 152 of the bill as it passed the Senate needs to be enacted into law. I also believe that most of the arguments which have been advanced today are based on misunderstanding of both the conference report and the physical facts of atomic energy. Because the bill as it appears in the conference report embodies some basic administration changes that are absolutely necessary and, what is far more important and altogether vital, security provisions which every passing day makes even more desperately needed, I shall support the conference report. I am sure that when a full understanding of the basic facts of atomic energy is had we will be able to evolve the kind of a law my colleagues have indicated they desire and which, to a very great extent, I desire. There is adequate time to do that in separate legislation without incurring the danger of having no legislation at this time, which may well happen if we reject the conference report.

Mr. HICKENLOOPER. Madam President, I have received a letter from the President of the United States in answer to a letter which I addressed to him on the 11th of August concerning the allegations that the bill, as it has come from conference, if enacted into law, would injure the REA and would create a monopoly. I ask unanimous consent that a copy of the letter be printed in the RECORD at this point as a part of my remarks. The letter clearly negates those allegations.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 12, 1954.

The Honorable BOURKE B. HICKENLOOPER,
United States Senate,
Washington, D. C.

DEAR SENATOR HICKENLOOPER: I have your letter of August 11, 1954, with reference to allegations that the provisions of H. R. 9757, the atomic-energy bill now before the Congress, will adversely affect the Rural Electrification Administration program or the REA cooperatives.

One of the basic and important principles of this administration has been and will continue to be the protection, strengthening, and extension of rural electrification through the REA in the interests of the millions of farm people.

I have examined this legislation carefully and have consulted with fully informed agencies of Government about it. It is my opinion that the bill does not contain any provisions that would be in any way harmful to REA cooperatives or to the Rural Electrification Administration. In fact the bill can greatly benefit the REA program in the future.

In the event that atomic power becomes an economical source of electric energy, the REA cooperatives should and will have protection as preference customers. The bill adequately provides for such protection.

I am directing the Administrator of the Rural Electrification Administration to keep me fully advised concerning these matters, and to make recommendations to me for developing the use of atomic power for the REA program.

With reference to the claim being made that the bill will establish a monopoly, I think the provisions of the bill itself give complete assurance of protection of the public interest against monopolies. Its provisions with respect to patents adequately meet my recommendations on this subject and will prevent use of patents for monopolistic purposes.

The vital interest of the United States and the cause of world peace make it a matter of utmost importance that the bill as reported by the committee of conference and passed by the House of Representatives, be enacted.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. HICKENLOOPER. I now yield to the Senator from California [Mr. KNOWLAND] such time as he may require. I ask that 2 minutes be reserved at the end of the remarks of the Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. KNOWLAND. Madam President, if I may have the attention of the distinguished Senator from Nevada [Mr. MALONE] there was a discussion of the conference report today, and the Senator from Nevada and other Senators asked questions regarding the words, "insofar as practicable," believing that those words might water down the preference clause relative to waterpower distribution.

I am prepared now to say to the Senate that I have consulted with the leadership in the House and those who will handle the atomic energy bill on the floor of the House. I am prepared to follow 1 of 2 alternative courses. One is to submit a concurrent resolution reading as follows:

That in the enrollment of the bill H. R. 9757, entitled "An act to amend the Atomic Energy Act of 1946, as amended, and for other purposes," the Clerk of the House is authorized and directed to make the following corrections:

On page 12, of the conference report, line 35, strike out "insofar as practicable."

On page 36, of the conference report, line 44, strike out ", insofar as practicable."

I wish to be absolutely frank with Senators on both sides of the aisle. Under the Senate precedents, a concurrent resolution to accomplish the objective would require unanimous consent; but it would solve the problem, and the House could handle the situation on Monday.

To meet any possible objection to the concurrent resolution, I have already introduced a Senate joint resolution which reads as follows:

That "An act to amend the Atomic Energy Act of 1946, as amended, and for other purposes" be amended as follows:

In chapter 5, section 44, in the third sentence, after the words "the Commission shall" strike out the words "insofar as practicable."

In chapter 16, section 182, section "c", in the last sentence, after the words "such applications shall" strike out the words ", insofar as practicable."

I am assured by the leadership in the House that the House will be prepared to act on Monday on the joint resolution. Then both the atomic energy bill and the joint resolution would go to the President. He would sign the atomic energy bill first. Immediately thereafter he would sign the joint resolution, and the words objected to by the distinguished Senator from Nevada would be out of the law.

Mr. GEORGE. Madam President, will the Senator yield?

Mr. KNOWLAND. I have only about a minute, but I yield to the distinguished Senator from Georgia.

Mr. GEORGE. If the Senator can rely on the House in this way, why could he not rely upon the committee of conferees, who know most about this subject, to take the bill back and make the necessary adjustments in a short time?

Mr. KNOWLAND. I will say to the distinguished Senator from Georgia that two basic problems confronted us. One dealt with the power preference, and the words "insofar as practicable," which some Senators felt modified the preference.

Mr. GEORGE. I have listened to every word of the debate today.

Mr. KNOWLAND. The other problem dealt with the patent feature.

Having served on the conference committee, it is my personal opinion that should the bill go back to conference with several items in disagreement, we might find that the bill would be killed this year, or there might be a prolonged delay in the adjournment of the two Houses of Congress. That is a personal opinion. The Senator from Georgia has been a Senator longer than I have, and his judgment may be better than mine.

Mr. GEORGE. I do not wish to encroach upon the time of the Senator from California, but there is no way to change a conference report by a concurrent resolution. It cannot be done. A point of order could be raised in either House. A joint resolution is a legislative step, which must be taken in the same manner as in the case of any other legislation. In my judgment, if the bill should become law, there would be too many powerful vested interests in the way of changing the law by a joint resolution.

Mr. KNOWLAND. I respectfully disagree with the distinguished Senator from Georgia. I think by unanimous consent the concurrent resolution method could be used. From time to time both the Senate and the House have handled legislation in that way.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The Chair must advise the Senator that his time has expired.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time remains on each side?

The PRESIDING OFFICER. The Senator from Iowa has 2 minutes remaining, and the Senator from Texas has 5 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, I yield myself 3 minutes.

The proposal as announced by the distinguished chairman of the Committee on Foreign Relations, to the effect that we should abandon the conferees and start legislating on the conference report was one of the most shocking announcements I have ever heard made in the Senate. Mr. President, the situation is ridiculous. The action proposed would make a laughing stock out of the United States Senate.

There are two principal issues at stake today. One is the phrase "insofar as practicable." The distinguished majority leader assures the Senate, within 4 minutes of the time we are called upon to vote on the conference report, that he and his leadership, and some leaders in the House, whoever they may be, are willing to strike out that offensive language.

The Senator does not say a word about the anti-monopoly section—the patents section. The distinguished Senator from Oklahoma [Mr. KERR] told the Senate a few moments ago that he was willing to accept the patents section, reported and supported by every member of the Joint Committee on Atomic Energy but one.

It seems to me that we should follow orderly procedure. We should send this bill back to conference. If we vote "no" on the adoption of the conference report, the minority leader proposes to ask immediately for a conference with the House, to insist on the Senate amendments, and appoint conferees.

The House of Representatives is going to be unavailable this week. The House will be in session next week. No one thinks Congress will be through by Saturday night. Why should we brand our conferees as men in whom we have no trust and no confidence, and say they know nothing about the bill? Why come in here with a mimeographed amendment 4 minutes before the conference report is to be voted on?

I appreciate the concessions which have been made. I think the very fact that the Senator from Wisconsin [Mr. WILEY] made his suggestion indicates that our worthy opponents recognize the mistakes they have made. I do not wish to dwell on their mistakes, because I could not do it in 4 minutes.

Mr. President, I think the orderly procedure is for every Member of the Senate, when the roll is called on the adoption of the conference report, to vote "No"; and if the conference report is not adopted, we will immediately make a motion to send this bill back to conference, insist on the Senate amendments, and appoint conferees. That is the orderly procedure, and I believe the Senate will follow it.

The PRESIDING OFFICER. The Senator's 3 minutes have expired. There are 2 minutes remaining for the Senator from Iowa [Mr. HICKENLOOPER] and 2 minutes remaining for the Senator from Texas [Mr. JOHNSON].

Mr. HICKENLOOPER. I yield 1 minute to the Senator from Nevada [Mr. MALONE].

The PRESIDING OFFICER. The Senator from Nevada.

Mr. MALONE. Would there be any objection to a joint agreement to strike out these words? I ask that question of the distinguished majority leader.

Mr. KNOWLAND. I would have no objection. I have said I would offer a resolution, but it would require unanimous consent to adopt a concurrent resolution. I could move to take up the joint resolution.

Mr. MALONE. The junior Senator from Nevada has no objection to this bill, except as to the words included in the two parts of the bill he outlined this morning, and will vote for the conference report if it excludes those words.

The procedure for excluding those words must be definite, of course, so it might be well to find out if there is an objection.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. HICKENLOOPER. Mr. President, I yield myself 1 minute.

It is not possible under the parliamentary procedure to exclude words prior to the vote on the conference report. Immediately after the vote on the conference report, if the conference report is adopted, a resolution will be offered by the Senator from California. That is the only proper procedure the parliamentarian knows which can be followed. It cannot be done otherwise.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. MUNDT. The Senator from South Dakota understands that this action will be a complete victory, because we have been trying to sustain the preference clause. There is no question but that that will be done, because the majority leader has said that if it cannot be done by unanimous consent it will be done by adoption of a regular joint resolution.

Mr. HICKENLOOPER. May I say to the Senator I do not agree that it is a complete victory, because the preference clause was in the bill anyway.

Mr. MUNDT. But this action will put it into language.

Mr. HICKENLOOPER. It is a matter of the use of words, which satisfies those who feel it was not covered.

Mr. MUNDT. It is a change in language.

The PRESIDING OFFICER. The time of the Senator has expired. Two minutes remain for the Senator from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the distinguished Senator from Georgia [Mr. GEORGE].

Mr. President, I ask for order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GEORGE. Mr. President, I dislike to take any time to speak on this conference report. When the bill was before the Senate, and after it had been amended as it was amended in the Senate, I was prepared to vote for the bill.

Mr. LANGER. Mr. President, may we have order? We cannot hear.

The PRESIDING OFFICER. The Senate will be in order, and the Chair asks the guests in the gallery to be in order also.

The Senator from Georgia will continue.

Mr. GEORGE. I had just said, Mr. President, that when we considered the bill in the Senate, and after the amendments had been made to the bill, I was prepared to vote for the bill as amended. However, I do most of my voting before 8 o'clock at night, and the final vote on this bill came at 10 o'clock in the evening, and I was not here. I was prepared to vote for the bill with the Senate

amendments. I would still vote for the bill with the Senate amendments.

There is now an effort to doctor the conference report, first by a resolution, which would require unanimous consent. We could not get unanimous consent, because the concurrent resolution would be subject to a point of order in the Senate and in the other House, and an individual objection could block it.

Of course, we can always pass a law and the next day repeal it, but why pass a law just for the sake of repealing it? That is not the orderly process.

Although the distinguished majority leader thinks such action could be taken, he will find that if this bill becomes a law there are interests in this country who will insist on it remaining law. The joint resolution which the majority leader would offer would have the full effect of a statute. It would be just as though we put a bill in the hopper, and passed it, if it took its orderly course.

In this case, Mr. President, I shall regard this as the most important vote I shall cast at this session of the Congress, and perhaps the most important vote I have ever cast. I shall vote to recommit the bill to conference by rejecting the conference report.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the conference report.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	McCarran
Anderson	Green	McCarthy
Barrett	Hayden	McClellan
Beall	Hendrickson	Millikin
Bennett	Hennings	Monroney
Bowring	Hickenlooper	Morse
Bricker	Hill	Mundt
Burke	Holland	Murray
Bush	Humphrey	Neely
Butler	Ives	Pastore
Byrd	Jackson	Payne
Carlson	Jenner	Potter
Case	Johnson, Colo.	Purtell
Chavez	Johnson, Tex.	Reynolds
Clements	Johnston, S. C.	Robertson
Cooper	Kefauver	Russell
Cordon	Kennedy	Saltonstall
Crippa	Kerr	Schoeppel
Daniel	Kilgore	Smathers
Dirksen	Knowland	Smith, Maine
Douglas	Kuchel	Smith, N. J.
Dworshak	Langer	Stennis
Ellender	Lehman	Symington
Ervin	Lennon	Thye
Ferguson	Long	Upton
Frear	Magnuson	Watkins
Fulbright	Malone	Welker
George	Mansfield	Wiley
Gillette	Martin	Williams
Goldwater	Maybank	Young

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, I request the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The question is on agreeing to the conference report, is it not?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAYBANK (when his name was called). On this vote I have a live pair with the distinguished senior Senator from New Hampshire [Mr. BRIDGES]. If he were present—and he had intended to be present—he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. JENNER. My colleague, the distinguished senior Senator from Indiana [Mr. CAPEHART], is in Indiana on official business. He had intended to return to the Senate and to vote in the affirmative.

The distinguished senior Senator from Mississippi [Mr. EASTLAND] is also absent from the Senate on official business. He had intended to return and to vote in the negative.

In view of the circumstances, the Senator from Indiana and the Senator from Mississippi have entered into the equivalent of a live pair, thereby eliminating the necessity of their returning to vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Vermont [Mr. FLANDERS] and the Senator from Pennsylvania [Mr. DUFF] are necessarily absent.

On this vote, the Senator from Vermont [Mr. FLANDERS] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Vermont [Mr. FLANDERS] would vote "yea," and the Senator from Alabama [Mr. SPARKMAN] would vote "nay."

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "yea."

Mr. CLEMENTS. I announce that on this vote the Senator from Alabama [Mr. SPARKMAN], who is necessarily absent, is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Alabama would vote "nay," and the Senator from Vermont would vote "yea."

The result was announced—yeas, 41, nays 48, as follows:

YEAS—41

Aiken	Ferguson	Potter
Barrett	Fulbright	Purtell
Beall	Goldwater	Reynolds
Bennett	Hendrickson	Saltonstall
Bowring	Hickenlooper	Schoeppel
Bricker	Ives	Smith, Maine
Bush	Jenner	Smith, N. J.
Butler	Knowland	Thye
Byrd	Kuchel	Upton
Carlson	Martin	Watkins
Case	McCarthy	Welker
Cordon	Millikin	Wiley
Crippa	Mundt	Williams
Dirksen	Payne	

NAYS—48

Anderson	Hennings	Magnuson
Burke	Hill	Malone
Chavez	Holland	Mansfield
Clements	Humphrey	McCarran
Cooper	Jackson	McClellan
Daniel	Johnson, Colo.	Monroney
Douglas	Johnson, Tex.	Morse
Dworshak	Johnston, S. C.	Murray
Ellender	Kefauver	Neely
Ervin	Kennedy	Pastore
Frear	Kerr	Robertson
George	Kilgore	Russell
Gillette	Langer	Smathers
Gore	Lehman	Stennis
Green	Lennon	Symington
Hayden	Long	Young

NOT VOTING—7

Bridges	Eastland	Sparkman
Capehart	Flanders	
Duff	Maybank	

So the conference report was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate insist upon its amendments, request a further conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HICKENLOOPER, Mr. KNOWLAND, Mr. BRICKER, Mr. JOHNSON of Colorado, and Mr. ANDERSON conferees on the part of the Senate.

SOCIAL SECURITY AMENDMENTS OF 1954

The PRESIDING OFFICER (Mr. PURTELL in the chair). The Chair lays before the Senate the unfinished business, H. R. 9366.

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors' insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

EMERGENCY MARCH OF DIMES OF THE NATIONAL FOUNDATION FOR INFANTILE PARALYSIS

Mr. FREAR. Mr. President, I have learned with deep concern of an emergency that has created the need for the Emergency March of Dimes of the National Foundation for Infantile Paralysis.

For many years I have had a vital interest in the battle against polio. Like millions of other Americans, I felt a tremendous encouragement upon reading that trial vaccine had been developed by Dr. Jonas E. Salk, a grantee of the National Foundation at the University of Pittsburgh. Here was concrete hope that something might be forthcoming which would prevent the crippling caused by this disease.

Although hundreds of thousands of children received injections of the potential vaccine last spring, polio incidence across the Nation today is mounting. This has created a grave emergency. Because so much of the funds contributed to the March of Dimes by the American people have gone into the vaccine trials, and into the purchase of gamma globulin, a temporary preventive, funds are exhausted for care of thousands of patients who need help.

I am certain all of us, realizing the situation, will wish to support the emergency march of dimes scheduled for August 16 to 31 to obtain an additional $20 million for programs of polio prevention and patient aid. Both efforts are the result of strong public support in the past. Now, in this year of crisis, neither program must be allowed to falter.

Mr. President, I am sure I express the warmest hope and conviction of the

United States Senate for the success of the emergency march of dimes together with our heartfelt prayers that the urgently needed funds will be raised.

Through this midsummer appeal we may bring much closer the day when the Nation's children no longer need fear the crippling after effects of polio.

THE PROPOSED DEPORTATION OF MRS. MATRONA G. KARPUK

Mr. BEALL. Mr. President, I am introducing a bill today for the relief of Mrs. Matrona G. Karpuk, realizing that it is very unlikely the bill can be acted on during this Congress.

However, Mrs. Karpuk has appealed an order of deportation to the Board of Immigration Appeals and the Board probably will not hear the case until in the fall, and I plan to notify the Attorney General and the Commissioner of the Immigration and Naturalization Service that the bill will be reintroduced at the next session of Congress in the event that is necessary.

My interest in this case was aroused as a result of articles in the Baltimore Sun reporting that this 61-year-old grandmother was ordered deported after 42 years in the United States.

The Baltimore Sun commented editorially by saying:

> That her son fought in World War II as a major and that she is loyal to her adopted country are facts ruled out as irrelevant by the immigration examiner.
>
> We suggest that further proceedings in the case of the United States versus Grandma Karpuk amount to persecution so far as grandma is concerned, and are a waste of time so far as the United States of America is concerned, and that the President ought to step in and tell the Attorney General to tell these vigilant bureaucrats to stop persecuting grandma and bait their hooks for bigger fish.

Following these newspaper stories I invited Mrs. Karpuk, her husband, son, and daughter to visit me, and I then wrote to the Attorney General requesting that he review the entire case.

The matter is now before a board of review, but, unfortunately, it will not be disposed of until after Congress adjourns. Therefore, I am introducing this bill at this time and will reintroduce it next January if necessary.

I sincerely hope that prior to January the Department of Justice will have given a favorable decision in this case and introduction of the bill will not be needed.

AFTER GENEVA: AMERICAN POLICY—GERMANY AND JAPAN

Mr. MANSFIELD. Mr. President, throughout the spring and summer the problem of Indochina has come periodically to the attention of the Senate. It has been perhaps the most important question of foreign policy to arise during the 83d Congress. From time to time I have had occasion to make observations on the subject here on the floor of the Senate. More often I have listened to others and enriched my understanding of the issues involved.

The conflict in Indochina has been stilled by the armistice recently negotiated in Geneva. This conflict is not likely to erupt again in the next few months; nor is there much likelihood that diplomatic activity now in progress looking to the defense of southeast Asia will lead to fruitful results in the immediate future.

The tide of international affairs is flowing on in the aftermath of Geneva to new crests elsewhere on the globe. I should like, therefore, to address myself to the situation in two other areas—areas which in the next few months may become keys of decision in the struggle to turn back the drive of totalitarian communism. These areas are Germany and Japan.

Before doing so, however, if the Senate will bear with me for a few moments, there are some matters of conscience which I should like to set forth. In the heat of debate on the Indochina issue some of us may have slipped momentarily into partisanship. For the most part, however, these discussions of Indochina have represented a searching for an honest understanding of the problems which beset us in southeast Asia and their relationship to our policies throughout the world. They have been an attempt to find answers—the best answers for the United States—not as Republicans or Democrats but as Americans.

That, in my opinion, is as it should be. While there is no constitutional obligation to compel the majority and minority to cooperate on foreign policy, I think the preservation of the Nation urgently requires us to work together with respect to these vital matters.

I do not mean that we should agree simply for the sake of agreement, even when conscience compels us to disagree. I do say, however, that we should refrain from seeking partisan advantage out of the misfortunes which the entire Nation sustains when our foreign policy misfires.

Some sought precisely that type of advantage, perhaps unwittingly, in the fall of China to the Communists several years ago. They may have gained, temporarily, from this course, but the Nation as a whole is still paying for their thoughtless political profit. I hope that others will not follow this example, and seek similar gain out of the collapse of policy in Indochina. The temptation to take an eye for an eye in this situation is great, but it should be resisted.

Both this administration and its predecessor have made important mistakes in foreign policy. There is no perfection in the conduct of foreign affairs any more than in any other human activity. Nor has either party a monopoly on the sincere devotion to the welfare of the country and the wisdom which alone can guarantee that the policies we pursue as a Nation will be the best possible policies. It is one of the functions of debate in the Senate to bring to light mistakes which may be made, and, as far as possible, to point the way to their correction. At the same time, however, it is in the interests of the Nation to recognize that both administrations—one Democratic, one Republican—have done their best to grapple with the present threat to us all from abroad, the threat of international communism.

It is against this threat that we must direct our common effort if we are to survive and prosper as a free nation. If we dissipate our strength in petty internal dissent and fruitless name-calling we shall have little left for deployment against the real enemy.

One of the basic aims of the Soviet Union is to divide us among ourselves. Without realizing it, many of our own people have in effect supported this aim. They have spoken and acted in a manner which tends to bring about an irreparable cleavage between the two great political parties over issues of foreign policy. Such statements and actions, if continued, can only lead to the weakening and the ultimate ruin of the Nation.

The way to avoid this catastrophe has been shown by the bipartisan manner in which the able, distinguished, and courageous Senator from Wisconsin [Mr. WILEY] has served as chairman of the Foreign Relations Committee and the cooperation he has received in this respect from the able and distinguished Senator from Georgia [Mr. GEORGE]. It has also been illuminated by the remarks of the distinguished majority leader [Mr. KNOWLAND] and the distinguished minority leader [Mr. JOHNSON of Texas]. The majority leader, several weeks ago, stated:

> Neither of our great political parties has a monopoly on patriotism. * * * Let us, here and now, Republicans and Democrats alike, recognize that there is only one group that can properly be charged with being "the party of treason" and that is the Communist Party and the underground conspirators.

The minority leader, answering for those on this side of the aisle, replied by saying:

> We are ready to meet the President and the administration half way. As responsible men, we are ready at any time to cooperate in the preservation of our country.

These two statements contain principles of responsible leadership which set the Nation's interest above the transitory interests of either party. If they prevail, the Nation will be safe regardless of the perils which may beset us abroad. I trust that the integrity of these principles will be maintained in the political campaign of 1954, which they were not, unfortunately, in the political campaign of 1952.

It would be helpful if these principles were also reflected in congressional attitudes toward the Secretary of State. Secretaries of State, traditionally, are not expected to be popular, except in historical perspective. Nor have they, I regret to say, as a rule, violated this tradition.

It is time to recognize, however, that they have made significant contributions to the welfare and security of the Nation. It is time to stop making a whipping boy out of the incumbent of this office, whoever he may be, and to recognize that his job is and will always be difficult at best. It is time to recognize that the men who have occupied the office in recent years, whether Republican or Democrat, without exception have striven with deep devotion to their duties to

safeguard this Nation, within the limits of their capacity and their support.

There is a legitimate scope for criticism of the Secretary of State. There is nothing sacrosanct in that office any more than in any other office in the Government. But if the criticism of the Secretary stems from the search for a scapegoat, if it stems from destructive partisan purpose, then it would be better for the Nation if it remained unexpressed. Growing out of motivations such as these, criticism can serve only to reduce the Secretary to impotency in the conduct of his office. It will tie his hands at a time when all his skills must be mobilized if he is to deal effectively with the treachery, the force, and the trickery of the Communist enemy.

With these thoughts—these bipartisan thoughts—in mind, I should like to proceed now to a consideration of certain aspects of the international situation which are beginning to rise to the surface in the wake of the Geneva Conference. For the first time in many years, the guns are silent on every major front in the world. This unusual quiet does not signify genuine peace. While it lasts, what we may have is a period of shaky and uncertain coexistence.

Some may dislike the term "coexistence." Some may prefer the word "truce," or the phrase "war without guns." Whatever the preference in idiom, however, the fact is that we are either engaged in war in which Americans and others in considerable numbers are being killed and maimed, or we are in a phase of nonwar or cold war or so-called coexistence.

The danger in using the word "coexistence" to describe the present state of world affairs is that the coexistence may be illusory. It may be simply the lull before the storm which gives a false sense of security to some and a sense of oppressive uneasiness to others.

Coexistence in a world stalked by totalitarian communism is indeed illusory unless it is based on the utmost vigilance on our part, unless it is supported by a level of strength among the free nations that discourages aggression and the threat of aggression.

The strength to which I refer is not to be measured solely in terms of atomic and conventional military hardware on hand and ready for use. This is an important element, but strength is also compounded of many other factors. It includes the moral fiber of a people, or to put it another way, their staying power; it includes the diplomatic capacity to win and maintain the willing and active cooperation of other nations and the neutrality of still others; it includes strategic considerations; it includes economic health and vitality.

Strength in an international sense is also a relative term. It is, today, the total strength—moral, diplomatic, military, strategic, and economic—of the nations linked together freely in the cause of freedom as against that of the Communist bloc, marshaled under the command of Moscow. A relative gain in any of these factors on our part means a relative weakening of the total strength of international communism. Any relative gain on their part, in any category, similarly means a weakening of our position.

For some time, it seems to me, the relative strength of the Communist bloc has been increasing in several of the categories to which I have referred. In military preparedness, we have been cutting back and reducing our Army, Navy, and Marine Corps; the Communists have been increasing theirs. According to a recent newspaper column, the Communist camp now contains approximately 430 infantry divisions. On our side, I understand that in addition to our 17 Army and 3 Marine Corps divisions, there are approximately 100 allied divisions extending from Norway through Turkey. Perhaps another 40 or 50 divisions are available in the Far East. The Communists already possess formidable air power, and it is increasing; they are pushing a vast naval building program. Their arsenal of atomic and hydrogen weapons is expanding rapidly as is their research in scientific developments along these lines.

To a great extent, this growth in Communist military power is based on the rapid development of industrialization, not only in Russia but in the satellites of the Soviet bloc. So great has been this development that the Communists are now beginning to move into international markets in considerable force. Newspaper reports indicate that envoys from Moscow and Peking have made their appearances in capitals as far apart as Buenos Aires and Singapore, Oslo and Canberra, seeking wool, chemicals, steel, rubber, machinery, and consumer goods. Similarly, many trade missions are visiting the Communist capitals.

The greatest potential for a growth in the relative strength of the Communists, however, seems to me to be found in the diplomatic field. In practically every major area of the world, they are on the diplomatic offensive. This is especially true in Europe and Asia. Molotov is again pressing for a consideration of a security pact in Europe, and now, after Geneva, his proposal may receive a different reception than similar proposals have obtained in the past.

On the other end of the Moscow-Peking axis, Chou En-lai is attempting to charm the countries of Asia into similar so-called security arrangements aimed at the United States. In view of India's progressive estrangement from this country in recent months, the activities of the Chinese Communist foreign minister contain implications of the most serious nature.

There are great stakes involved in the diplomatic struggle that is now in progress. Here it is not a matter of a few resources, a few strategic positions, and a reluctant people being seized by the Communists and dragged into their camp. In this diplomatic struggle, the willing allegiance or the benevolent neutrality of entire nations is involved.

The Communists are striving, by a combination of diplomacy and economic enticements, to drive the free nations further and further apart and to draw as many of them as possible into their orbit or into an intermediate stage of neutralism. The greater their success in this drive, the more inadequate our relative strength becomes, and the more illusory the shaky coexistence that rests upon it.

If this drive goes unchecked by the counterforces of freedom, then it seems to me that 1 of 2 possible results may be expected. A third World War will take place at some time in the not too distant future when the illusion of coexistence dissolves; or the world will witness the gradual surrender without struggle of most of the free nations to totalitarianism.

It is a grim prospect which confronts us, and because it is so grim, I want to call to the attention of the Senate the situation in two areas in which I believe a decisive test of the Soviet diplomatic drive will come. I refer to the countries of Germany and Japan.

These two nations possess powerful sinews of strength of the kind I have previously described. Vast, literate, and capable populations give them an enormous military potential. Advanced industrial establishments supply them with great economic and scientific power. Situated, as they are, on the western and eastern fringes of the sprawling Communist empire, they have incalculable strategic importance.

Western Germany and Japan are presently linked to the free nations by ties which evolved out of the military occupations following World War II. In the case of Germany, these are still ties of inequality; in the case of Japan, they are ties between sovereign equals. In both cases, however, situations have developed which could bring about a severance of the ties and thrust Germany and Japan into neutral positions, or even into close relationships with the Communist powers.

These developments have not come about suddenly, although they appear now to be approaching a climax with great rapidity—especially in Germany. As long ago as 1949, however, they were beginning to become evident. I visited Germany in that year and reported to the House Foreign Affairs Committee on my return as follows:

> West Germany, in spite of the difficulties it has faced in the postwar years, is on the way up. * * * Although Germany is at the present time in a very weak position with two separate governments, it is potentially the strongest nation in western Europe, Germany is, in my opinion, the big prize which the U. S. S. R. now wants and, if necessary, she can and perhaps will offer the Germans some of the lands which have been taken away from them and are now occupied by Czechoslovakia and Poland. This, plus the creation of a Russian-dominated East German army, plus the Russian championship of a united Germany—on Russian terms—poses a difficult problem for the West.

That was the situation 5 years ago. The same situation, intensified, exists today. It is intensified, I believe, primarily because of a possible change in Soviet tactics with respect to Germany. The Russians may now be on the verge of offering important concessions, economic and political, to the Germans. They may be prepared to do so on the basis of 1 or 2 principal conditions: First, that the Germans abandon their plans for participating in the integration of

the defense of Western Europe; and, second, that the military forces of East Germany, Russian-trained and equipped, be incorporated into the defense structure of a united Reich. In connection with this latter condition, the role of former Field Marshal Friedrich von Paulus will bear watching. He is the general who surrendered at Stalingrad and subsequently was director of the schools established in Russia to reindoctrinate German war prisoners.

If the Russians intend to act along these lines, then the appeal of national unity may well prove irresistible to the German people; it may lead them, in present circumstances, away from the West.

Under Chancellor Konrad Adenauer, Western Germany has accepted the course of western European integration first and national unity later. The Germans have accepted this course in preference to one of national unity, Soviet style, and absorption into the Communist bloc at the same time. There are signs, however, that Germany may be faltering. Recent local elections suggest a growing strength on the part of those political parties which favor immediate unification, parties which believe they can maintain a kind of German neutralism by restoring relations with Moscow and by returning to the prewar Locarno treaty system. Two prewar German chancellors, Dr. Heinrich Bruening and Dr. Hans Luther, have now openly alined themselves against Adenauer's policies and in favor of this misleading alternative. The recent defection of Dr. Otto John, the security chief of Western Germany, may also be indicative of deep and disturbing political currents. Significant concessions from the Soviet Union at this juncture may be enough to swing the Germans away from the West.

There are dangerous trends in Germany today. In my view, they have developed because of the interminable delays in restoring full sovereignty to Western Germany and in establishing the European Defense Community. EDC promised, at one time, to cap the movement towards western European unity which began in the early postwar years. EDC offered both assurances against the return of German militarism and security for Germany against the expanding Communist empire. It also promised to provide an avenue for German participation, as an equal in the defense of the west, so that our share in that defense might be reduced.

Months and years have elapsed since French genius produced EDC. But EDC still waits on French acceptance. In the meantime, the hope for integration slips away. Germany remains in a position of frustrating political inequality. The burden of its defense continues to fall on the occupation forces of the United States, Britain, and France.

The Germans are not likely to acquiesce for much longer in their present uncertain and inferior status. They have made a fantastic recovery from the war and now have the most powerful and dynamic economy on the mainland of Western Europe. They are in a position to listen to and to bargain with the East.

After returning from Europe in 1951, I reported to the Foreign Affairs Committee of the House of Representatives that:

> In any defense plan for Western Europe, West Germany must be an integral and substantial part. We must meet the West Germans at the council table and decide what part they will accept as their share in men, money, and equipment in the defense of Western Europe. * * * (The Germans) should be allowed to rearm in their own defense and we should recognize West Germany as an equal.

That was, in my view, the need three and a half years ago. It is an even more urgent need now. Senate Resolution 295, which passed by a vote of 88 to 0 just a few days ago, indicates the sentiment of this body with respect to restoring equality to Germany and securing their participation in the joint defense of the free nations of the West. I believe the administration should act quickly, in every practicable way, to give meaning to this resolution. It should act by the end of this month if EDC is not ratified by France. If EDC is ratified by the French Parliament by the end of this month—and if Italy joins in—then German sovereignty will be restored and German rearmament can begin.

Mr. President, there is very little time left. The next few months may well reveal whether the Germans are to remain linked with the free nations or go their separate way, a way which, in all probability, will lead sooner or later into the totalitarian camp.

On the other side of the globe, in Japan, a second dangerous crest is developing in the international situation. The causes are not identical with those in Germany but they are just as serious.

Unlike Germany, Japan has national unity. Full political sovereignty has been restored to the Japanese. They have been permitted to rearm in their own defense and are now in the process of doing so.

These factors in the situation, however, are dwarfed by the towering economic problems which confront Japan. To put these problems bluntly: if freedom is to survive in Japan and if there is to be peace in eastern Asia, the Japanese must know with reasonable assurance where the next meal is coming from. At the present time, they do not know.

To live as a free, peaceful neighbor in the Pacific, Japan must literally fish and trade. The Japanese have been able to do neither, adequately, since the end of World War II. The resultant deficit in their economy has been compensated for by the United States. We provided heavy doles under the occupation. More recently, we have made up the deficit largely by expenditures in Japan incident to the Korean conflict and our strategic interests in the western Pacific.

The Japanese must turn somewhere if they are not to continue to depend for existence on an uncertain charity or temporary palliatives like military procurements which, in any event, are beginning to shrink. Trade outlets in northern Asia and on the Chinese mainland, however, are blocked by Communist control of these areas as well as by the policies of this country and the United Nations. These are the traditional avenues of Japanese trade. Efforts to develop substitutes for them elsewhere have not yet met with notable success.

A government of a free nation cannot expect to remain long in power, if it can hold out no hope to its people other than slow starvation or unending dependence on alien handouts. The Yoshida government in Japan has been on the whole cooperative with the United States. It is, however, a Japanese government. It will either have to pursue policies which correspond with the needs of the Japanese people or it will be replaced.

Japan is now alined with the free nations but the alinement will grow more uncertain and tenuous under the pressures of economic realties. Unless concerted steps are taken to meet these realities, where are the Japanese to turn for survival? There is no reason to assume that, as a sovereign independent nation, they will not turn away from the present alinement. There is no reason to assume that they will not veer toward Communist China, toward the Soviet Union, or both.

If international communism seeks to sever the ties which presently hold Japan on the side of freedom, it is not without resources to obtain this objective. Vast trading inducements can be offered, particularly with respect to the Soviet maritime provinces, Manchuria and North China. There are fishing and other concessions which could be made available in and around Sakhalin and the Kuriles. Rice, coal, and other resources, desperately needed by Japan, can come now from northern Vietnam.

It is entirely possible that the Communists would be inclined to act with a relatively lavish and open hand if they might expect in return a growing Japanese neutralism and ultimate incorporation of Japan into their system.

There are measures which can be taken in concert with others which may forestall the loss of Japan to totalitarianism. In this connection, the administration has recently announced that it is exploring the possibilities of closer relationships being developed between Japan, Korea, and Formosa. Other possibilities may exist for increasing Japan's trade with non-Communist nations particularly in southeast Asia and in Japanese participation in technical assistance programs in the underdevelopment areas.

Japan can be held in the camp of freedom, provided that this country and other free nations do not ignore the serious predicament in which the Japanese find themselves; provided we act together and in time to deal with it.

The weeks and months that lie ahead, weeks and months in which the Senate will stand in recess or adjournment, will be dangerous and difficult ones. We are entering into a period in which the President and the Secretary of State may be called upon to make major decisions, not only with respect to Germany and Japan but also in connection with other areas of the world.

I think that the President and the Secretary should know that the Senate is cognizant of the burden they bear in conducting our foreign policy and that members of both parties will support them as far as conscience permits.

After the setback at Geneva, a sense of renewed unity on foreign policy may be reasserting itself in this country. For a period, at the time of the truce, we were threatened by a wave of partisanship. But the Nation may now be drawing closer together in the face of adversity.

There is already a framework of agreement shared by Democrats and Republicans alike on which bipartisan policies can be maintained and developed. There is, for example, little party disagreement on these current courses of action:

First. No intervention by American Armed Forces in Indochina.

Second. No recognition of Communist China by the United States and no admittance of Communist China to the United Nations.

Third. No Locarno pact with the Communists for southeast Asia.

Fourth. The continued need for a European Defense Community.

Fifth. The granting of sovereignty to West Germany together with its right to participate in the defense of Western Europe.

Within this framework, we can pursue policies which will build greater strength in the non-Communist world—not solely military but moral, diplomatic and economic strength as well. We can act to maintain the level of the total strength of freedom in the world, at all times, far in excess of that of international totalitarianism. We have the means to do so, if we have the will.

Mr. President, if we are successful we can have more than an illusory coexistence which means running away in fear from every threat of a fight, an illusion which can and will be shattered at the whim of the Communist totalitarian bloc. We can have more than the futility of a third world war precipitated by the hotheads among us who by some twisted reasoning believe that the way to stop a war is to act the part of the bully and start one. We can have, if we work consistently and without fanfare to build genuine strength, the peace we seek, a peace without fear, a peace of stability and of faith in the ultimate triumph of human freedom.

Mr. President, I yield the floor.

Mr. JENNER. Mr. President——

The PRESIDING OFFICER (Mr. WELKER in the chair). The Senator from Indiana.

Mr. JENNER. Mr. President, life is merciless to men and nations, who, in times that try men's souls, flee from the contest with harsh reality and seek refuge in the warm security of the past, like an infant nestling at his mother's breast.

The American people have for generations lived out their lives in freedom, hope, generosity, and confidence in the future. Our ancestors, who fought the War of Independence and devised the Constitution, built up a great political capital fund, on which we have been drawing, generation after generation, to enjoy a freedom and happiness we had not earned. We have lived over a century on the unearned increment of this political capital which other men had broken their hearts to win for us.

It may be that Americans now living will never again see that happy world of freedom, of trust in human decency, and of confidence that, if one did his best, he would be allowed to enjoy the fruits of his labor, and his children would begin life higher up the ladder of success than he had begun it.

It may be that the course of American history has been turned for a long period ahead, from the happy valleys and the sunlit streams sheltered by the constitutional wall, which used to keep out evildoers. It may be that for years to come we shall have to find our way over a rocky unmarked course, climbing higher and higher, amid encircling gloom toward cold and barren summits which we cannot even see. It may be that, like the Hebrew children, we shall have to march as a nation through desert and swamp and enemy attack, with the promised land only a gleam of hope on the far horizon.

It may be that is the only road the American people can take if they are to be true to their great inheritance and their great destiny.

I say to you, the American people will follow any course, however dark and hard, if it will preserve, for them and the world, the great experiment in liberty under law which is their legacy from earlier generations of Americans.

There is only one thing which the American people need from their Government. There is only one thing which our people ask of us, their elected agents, in the task of keeping our Nation secure and free.

The American people ask one thing—the truth. They ask us to tell them where we are today, and what we must do, to find our way out of our present difficulties, without surrendering our most precious possession, next to our faith in God, that is, our freedom.

The American people will find their way over any obstacles, through any fog, against any foe, foreign or domestic, if they have the truth. I do not believe our people can ever find the answers to their present problems, if their officials feed them a diet of lies.

I am talking, Mr. President, about the so-called peace agreement in Indochina.

I do not believe this is the time, Mr. President, when we should minimize the defeat which has been suffered by the United States.

GENEVA IS A MAJOR DEFEAT

The Geneva agreement is not a local defeat in Indochina. It is a defeat in grand strategy, in our ability to plan and execute a defense and counterattack against the new barbarian invasions.

The Geneva agreement touches the very survival of our Nation and its civilization, on our own continent.

Writing in 1952, in Asia Aflame, Dr. Ebed Van der Vlugt said, of the Communist strategy for Indochina:

From time to time, apparently reliable reports have come of immense Red Chinese preparations for invasion, including massing and training of special troops for the purpose, and building of railways and highways to support the vast supply necessities of such an invasion. It could begin at any moment, or it could be postponed for many months. But, unless the Chinese Reds are checked by disaster elsewhere, it must surely come.

For, like a mighty glacier, communism moves, ponderously but with crushing force, toward the domination of all Asia. And not of Asia only: after Indochina lies Thailand, after Thailand, Malaya. Then the stream of conquest will divide: one arm will turn westward toward Burma and India. The other will move south and east into Indonesia. Then the defense perimeter of America off the coast of Asia will have been outflanked. And by the time it is outflanked, communism will be ready to contest with the West for the mastery of the Pacific and the shores it washes.

There is nothing surprising in the victory of the Communists in southeast Asia.

Writing in Collier's, on November 18, 1950, General Chennault said:

I am convinced that help from the Russians for conquest of southern Asia has been promised the Red leader, Mao Tse-tung, in return for Russian possession of Manchuria. The Russians have got to have Manchuria, to get warm water ports, manpower, iron and coal—all needed, as the Soviet Union sees it, in order to protect its back door against the United States and Japan. I am informed the Soviets have been given, or have simply taken over, control of railroads and industry in Manchuria. Now it remains only for the Russians to fulfill their end of the bargain by helping Mao and his Chinese Communists to take southeast Asia.

Let me continue with General Chennault's warning in late 1950, when the Chinese Reds were already at war with us:

Mao must have southern Asia, especially if he is to lose Manchuria. Southern China alone is a deficit area economically, which in the past always received its principal foodstuff—rice—from Burma, Siam, and Indochina. In the rich Asian areas south of China lie rubber, oil, tin, iron, and gold, as well as enormous export crops which the Communists in China desperately need for barter with the enemy world. If he is to establish any kind of working economic mechanism in China, Mao simply cannot pass up these assets. Possession of southeast Asia will give him food, industrial materials, and a source of dollar exchange through exports.

The United States has been outthought, outtraded, and outgeneraled, while it helplessly watched the Communists take over the two things they need most, food to quiet the rebellious Chinese, and exports to seduce our allies into the spider web of East-West trade.

The damage goes deeper than that. Under Secretary Bedell Smith says we have agreed not to upset the Geneva agreement by force. What does that mean? It means, Mr. President, that we have agreed to give no military help to the rest of Indochina. The Red Chinese have told Laos and Cambodia that they may have French military advisers or British military advisers. But American military advisers? "Oh, no," says Chou En-lai. And we say nothing.

Under U. N., we can give no military help to Thailand which might upset the Geneva agreement.

We are bound, hand and foot, to put no military aid into the states on the Communist frontier in southeast Asia, Mr. President. We cannot lift a finger

to give military help to the little countries the Communists plan to devour next.

Let us be honest with ourselves. That means the United States is guaranteeing Communist conquests, whatever doubletalk we may hear. That means Locarno, Mr. President, however carefully the spokesmen at Geneva avoid the name for cynical recognition of conquests past. We are already committed to guaranty of the status quo, with the status quo fixed wherever the Communists decide to put it.

The United States will be permitted to keep its vast military machine, so long as it does not attempt to do anything really serious with it. If you were Asian, would you think we look like a paper tiger, Mr. President, all roar but no claws? Do you think the Communists may have planned to make us look that way?

It does no good to say we did not physically sign the Geneva agreement. That is the old excuse of Pontius Pilate, who washed his hands to keep his conscience clear.

There is no competent person in Asia, in Europe, in the Americas, no one within the Soviet orbit, who does not know that the United States was the self-appointed leader of the plan to give the free nations of Asia the means to defend themselves, and that the United States has suffered overwhelming defeat.

OUR THIRD DEFEAT IN ASIA

The people of the United States today do not want rose-colored statements about our third defeat in Asia. The people of the United States are deeply worried about the advances made by the Soviet powers in these three successive waves of conquest. They know Indochina is a steppingstone on the island bridge which curves about the Pacific to Australia, and the first foothold on that island bridge is a threat to the military security of the American people in their own homeland.

Where have we failed, Mr. President?

Why have the Soviet master planners won three victories in Asia in 10 years? Just 10 years ago in the midst of World War II Stalin gave orders to turn against Chiang Kai-shek. He was obeying Lenin's axiom that the Communists must, at the first opportunity, turn imperialist war into world civil war. From that small beginning, just 10 years ago, the Communists swept on, until they had possession of mainland China, of 500 million people, a third of the earth and nation after nation.

In June 1950 the Communists struck again. Armed hordes of North Koreans swept across the 38th parallel to attack the peaceful people of Korea. A year later, when defeat seemed inevitable, the Communists turned to guile and won for themselves another long-drawn-out peace conference ending in a settlement on their own terms.

The conquest of Indochina has been underway since Moscow sent Communist-trained Ho Chih Minh to China in 1925, to work with Borodin. It has been a predictable certainty since the Communists reached south China. A few months ago the Reds decided the time had come for the all-out offensive to win the nation they had thoroughly softened up. They induced the western allies to hold a Big Powers conference in Berlin, so the whole wide world could watch the kill.

What was the United States doing while the Soviet Union and its captive satellites were swallowing Asia?

After World War II, our promised help to Free China was neutralized by the power of a small clique within the American Government and in the press, which engaged us in a series of futile negotiations to establish peaceful coexistence between the Nationalist Government and the Red armies in China. We are hearing the same claptrap again today, peaceful coexistence.

During the Korean war, the military strength of the United States was neutralized because the same small clique, within the State Department and the press, bogged us down in futile negotiations over terms for peaceful coexistence between Free Korea and Red China.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I would rather not. My remarks are quite lengthy, and I should like to complete them.

In January 1953, a new administration took over, pledged to put an end to the rule of this small clique which had so successfully neutralized the military power of the United States in Asia as in Europe, and had twice thrown away costly victories won by our fighting men. President Eisenhower approved the signing of an armistice in Korea, with the pledge that there would be no more concessions to Communist brutality.

That promise could be kept only if we had a strategic plan for defense of Free Asia and organized all military means needed to put the plan into effect.

What did we do, militarily, after we signed the cease-fire agreement in Korea, to protect the unconquered part of the world, of which Korea, China, and Indochina were the blazing frontiers?

President Eisenhower took two most important steps to protect American military security. He rescinded the infamous order, drafted by this pro-Communist clique, ordering the United States Navy to protect the Red China coast, at the very moment the Reds were killing our young men. That order had effectively stopped Chiang Kai-shek's blockade and cost us untold lives.

President Eisenhower also assisted the retirement of the Joint Chiefs of Staff who had served in this time of betrayal, and appointed a new and very able Joint Chiefs of Staff, under the chairmanship of Admiral Radford.

What else was needed?

AMERICA'S RESPONSIBILITY AFTER THE KOREAN PEACE

No one in the world assumed for a moment that the Korean ceasefire meant peace with the Communist war machine. The Communist war machine was invented, and has been operated since its establishment, as a machine for conquest of the non-Communist world. This program of conquest goes on without interruption day in and day out, regardless of whether the Communists momentarily desire a shooting war or prefer the intervals of cold war to which they give the name of peace.

What was the responsibility of the American Government?

As I have said many times, the war in Korea never was a Korean war. The war which began in July 1950 was a struggle for all Asia on the battleground of Korea. That war can never be considered except as a local campaign in one long war for the conquest of Asia by the Communists or, as we hope, its redemption by those who love freedom enough to die for it.

The cease-fire in Korea presented then the opportunity to use a lull in the shooting to strengthen the military and strategic position of the non-Communist nations of Asia in preparation for the next assault. The armed might of Red China operated, in the west Pacific, from Manchuria to Vietnam. The only possible answer for the unconquered nations was to dispose their force in one unified strategy, from the borders of Korea to the farthest ends of southeast Asia and Australia. That would be the clear warning that freemen in Asia could and would meet any attack by the Red Chinese at any point at any time.

A grand strategy for the Pacific meant recruiting and training the largest possible number of fighting men in the Republic of Korea, in Nationalist China, and in the nations of southeast Asia which wanted to remain free. It meant also equipping the fighting forces of these little nations exposed to Red attack, on the frontier of the world struggle between freedom and slavery. They needed and deserved the best guns, tanks, ships, submarines, airplanes, and other war material which could be made.

I have said again and again that only Asians can win freedom for Asia. Asia does not want or need our manpower. I have also said again and again that it fits our self-interest, as it fits our moral code, to make sure that the armies of free Asia shall fight with the very best equipment which the free world can provide.

I have said, and I say again, that the measure of our help to the free nations of Asia is the amount of war equipment and supplies which the Soviet Union gives to its puppet armies attempting to conquer the rest of Asia.

I have said, and I say again, that the United States, as the greatest industrial power in the world, can do no less for freedom than the Soviet Union does for slavery. We must do more, to give military strength to the Asians who are fighting for independence.

If that analysis is correct—and I do not see any other choice—the United States should have been engaged with the greatest possible energy since January 21, 1953, in training and equipping the fighting men of Free Korea, Free China, and Free Indochina, with the finest training, equipment, and supplies which our industries could supply to them.

This is what General Van Fleet has referred to as packages of 10 divisions or so of fully trained and fully equipped fighting forces in all the small but valiant nations on the borders of Red

China. If this policy had been followed, Communist China would have been confronted with the threat of active, well-trained, Asian forces from the borders of Siberia to the rice fields of Indochina, working in close cooperation with the courageous independent nations of south Asia, the Near East, and Europe.

This simple commonsense preparation would have meant that the moment the Red Chinese dared to move equipment or men across their borders to attack the peaceful people of Vietnam, they would face instant counterattack by the armed forces of Free Korea, Free China, Indochina, and perhaps the Philippines and Japan. Probably the Reds would not have started a new invasion. If they did, the battleground would have been on their territory, not in the free countries.

I am certain, with no mental reservations whatever, that President Eisenhower, Secretary of Defense Wilson, Admiral Radford, and the other Joint Chiefs, had every intention of supporting the Korean cease-fire agreement with every means within their power to help protect the entire line of small nations which was threatened with the armed power of Red China the minute the armistice was accepted in Korea. They knew it would be militarily and morally indefensible to release the battle-hardened veterans of the Korean campaign to attack another small nation, unless an alternative plan for its survival could be put into effect.

HOW OUR MILITARY POLICY WAS HAMSTRUNG

I have been searching unceasingly to find the invisible bars which blocked this obvious policy. Why did we not have a firm wall of Asian manpower on the long frontier where Free Asia faced the armed and ruthless hordes of Red China and her master, the Soviet Union?

Why were the Red Chinese confident that the armies of Free Korea would not march to the attack, when the free people of Vietnam were faced with the Chinese Communist onslaught? Why were they so sure? Why were the Red Chinese so confident that the Free Chinese would not bomb the roads and railroads over which supplies and men were moving for the destruction of a small and harmless nation? Why does Free China still lack the full equipment of ships and planes, submarines, and bombs which would enable it to protect its nationals on the mainland who are fighting the Communists, and to come to the help of other Asian nations whose borders had been unjustly breached? Why could not General Clark, during the Korean war, accept three divisions, fully trained, from the Formosan National Chinese?

I believe, Mr. President, I have found the way by which American defense officials were prevented from helping the free people of Asia from threat of a counterattack if Red China used the Korean agreement to destroy another small neighbor.

Recently the Senate passed the bill authorizing funds for the Foreign Operations Administration, and the conference report on it was agreed to last evening without debate. I understand the $3 billion appropriation bill for the FOA will come to the Senate for quick action, with the request that it must be rushed. But in the authorization bill I believe I have found the light, delicate, but oh so powerful silken threads which prevented our military leaders and Defense officials from carrying out the obvious strategy to keep Red China from new conquests after the Korean agreement was signed.

It is the internationalist collectivist lawyers who have neutralized American military power, and made our promises ridiculous before the world. It is difficult for us to believe that that vast aggregation of tangible power, called the American Military Establishment—and we give it billions of dollars every year—may be led by the ablest men, may be equipped with vast funds, may have huge numbers of trained fighters, may be fully committed to holding back the Communist threat, and yet be reduced to importance by the thin silken meshes of the law.

THE HIDDEN HAND OF U. N.

The mutual-defense bill, which passed with practically no debate, authorizes the sum of $3.1 billion for military and economic aid designed to strengthen the unconquered nations against a threat of Soviet conquest. These 3 billions of dollars added to the 10 billions still unspent by this agency from past appropriations, constitute the sum of 13 billion available currently to block the advance of communism. The silken thread which has made that fund unavailable for the needs of the free nations of Asia is the little clause which appears in the act stating that the Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense.

What is the common defense of the United Nations? Obviously, nothing. If there had been any meaning to the idea of common defense or collective security, the United Nations would have acted to restrain Red China when she first attacked Indochina. Is not that correct? Red China would now stand before the bar of U. N. as a criminal, instead of flaunting her cruel triumph at Geneva.

How could there be a common defense in the U. N.? The United Nations includes the Soviet Union, with a seat on the Security Council and the power to veto any move made by other nations. There is not the slightest possibility that the United Nations can or will permit the Koreans, the Free Chinese, or the people of Vietnam to engage in defense of their own lands against the military power of Red China. Furthermore, Mr. President—and this is what concerns the Members of this body—there is not the slightest possibility that a single dollar appropriated under the Mutual Defense Act can be used by our Defense officials adequately to help any small nation defend itself against a Communist power.

The money is appropriated by the American Congress. It comes from the American taxpayers. It is to a large extent spent by American Defense officials, but it has been so completely boobytrapped by the legal experts of the Acheson regime that the money is of no value whatsoever to protect anyone against the Red death.

What is the United Nations policy for what they call peace in Asia? We know the answer, Mr. President. The United Nations policy during the Korean war—we all remember this—was to prevent American military leaders and American fighting men from winning a victory over the Communist forces. Senators remember the details. Our commanders were not permitted the right of hot pursuit against attacking Red planes. They were not permitted to bomb attacking forces in Red China, before they could kill our men. They were not permitted to bomb Rashin, until it was too late.

Gen. Mark Clark was before our committee only 2 days ago, and he took the oath and told the story of treachery all over again.

Most fantastic of all, the American forces were not permitted to carry the war to the soil of their enemy but were compelled to limit all fighting to devastation of the territory of their ally. That is the U. N. plan in Asia, Mr. President.

Imagine General Eisenhower being compelled to limit the war against the Nazis to the territory of France, but, under no circumstances, to permit even a pursuit plane to cross over into German territory. What do Senators think of that?

I need not remind the Senate that, when everything else failed, the commander of the American forces, who was also our highest official in all Asia, was summarily removed from command and called home.

When President Truman accused General MacArthur of interfering with the plans for a cease fire in Korea, General MacArthur pointed out that he was following the accepted military tradition in his negotiations with the Red Chinese, and that President Truman could not have objected unless—and I ask Senators to note this very carefully—"unless an agreement was in the making on the enemy's own terms."

What kind of peace did the United Nations stand for in Korea? The United Nations carried on peace negotiations with the Communists for many long and weary months under the most humiliating conditions for American military men. In the fall of 1952, Admiral Joy signed a cease-fire agreement in which he won his two principal points, that no prisoners of war who objected to returning would be forced to return; and that the United States would consent to no political conference in which the Soviet Union could build up the prestige of Red China, and achieve her entry into the United Nations and its Security Council.

This agreement in the field was much too advantageous to the United States, so in December 1952, after a debate led by Mr. Krishna Menon, the United Nations took over the responsibility of the field commanders and voted that prisoners of war unwilling to return home were not to be freed but were to be turned over to a neutral nations commission which would interrogate them once more. I do not know precisely what were the

connections between Mr. Krishna Menon's proposal and Dean Acheson, but I cannot miss the fact that everything Krishna Menon asked for was designed perfectly to fit Mr. Acheson's policies. Furthermore, by a curious coincidence, Mr. Krishna Menon, from faraway India, in December 1952, hit upon those very modifications of the agreement made by our military men which would most completely handicap and confuse the incoming administration of General Eisenhower. If this was not a boobytrap to neutralize American military strength, I cannot recognize one.

The Soviet Union did not win its insistent demand for a political conference on Asian problems at the 1952 U. N. meeting, but the Soviet Union won all it had demanded, in 1954, in the Berlin conference, to which it brought the representatives of Red China, and in the Geneva conference, to which the Red Chinese leaders were formally invited, while our fighting allies, the Koreans, were mere bystanders.

Our military victory in the Korean phase of war for Asia was compromised by U. N. to the great disadvantage of the United States. The political phase of the Korean struggle also was settled in Berlin to the great disadvantage of the United States. Though the U. N. was not ostensibly involved, we all know that the inner circle which makes U. N. policy made the policies in Berlin and Geneva.

The attack on Indochina was settled to our great disadvantage at Geneva when the American policy of strengthening the free nations of Asia was replaced by an agreement to divide Vietnam and turn over, to Communist masters, without their consent, another 12 million tragic victims of political chicanery, and to give to the Red Chinese most of the industries, mines, and forests of Vietnam, and a beachhead deeper into the last outpost of Asia facing toward the west.

The American people are asking us for the truth. The truth is this, as I see it: The doctrine of "collective security" through U. N. limits the United States to military and political policies which have the approval of Soviet Russia and its satellites in the Security Council. The mutual defense assistance bill, the conference report on which was agreed to in a hurry last night, and the appropriation for which will be passed tomorrow in a hurry, ties every dollar of the funds appropriated by Congress for the strengthening of freedom to limitations imposed by U. N. under threat of Soviet veto. The United States is militarily bound hand and foot, like Gulliver in Lilliput, by the legal spiderwebs which lock our military effort into the U. N. Security Council. Here is a matter we must examine very carefully before revision of the U. N. Charter in 1955.

ACHESON'S LEGAL COBWEBS

One more point is necessary, Mr. President, to make this whole story clear. Who devised the policies and regulations which hobble our defense officials in their efforts to oppose communism? These silken meshes are the work of a little inner circle of able, unscrupulous men in the State Department, in a few other posts in our Government, and in the agencies of public opinion. These men, under the tutelage of Dean Acheson, Alger Hiss, Harry White, Philip Jessup, and the rest, developed within our vast bureaucracy an inner steering group which, behind a curtain of secrecy, makes its own laws. It is free of any control of Congress, the President, and the courts. It has dominated American foreign and military policy through its skill in manipulating laws, directives, committees, conferences, reports, and briefing sessions.

The group is still in power. It has no slightest intention of retiring merely because our people voted against it. It will remain in power regardless of any changes in the votes of the American people until we face the necessity of dismantling what our own folly built.

This inner group, in cooperation with a leftwing collectivist group in England, France, and other countries, dominates the policy of U. N. and makes certain that U. N. decisions will not be uncomfortable for the Soviet Union. It is not possible to understand the strange workings of U. N., unless we realize that it does not represent the French or the British or any other nation in any historical sense. The U. N. represents a working alliance among the leftwing collectivist elites who wield the actual political power in those nations today.

Much was heard of this group during the war in Korea and the campaign, in hearings of the Russell Committee on MacArthur, and the McCarran investigation of IPR, but there is one thing which is still not wholly clear.

The work of this group is disastrous for American foreign policy, but—far more serious—it is disastrous for our military policy. The senior Senator from Pennsylvania [Mr. MARTIN], who has had great experience in the military field, understands that.

WE HAVE NO STRATEGY FOR DEFENSE OF AMERICA

For the last 15 years, we have had no military program for defense of the United States. We do not have one now, and we will not have one until we here in Congress cut the cords which bind our military to the Acheson foreign policy, the Acheson clique in the press, and the Acheson clique which keeps U. N. in a state of permanent confusion and appeasement.

I will ask Senators to go back with me to examine the principles on which American military policy has always rested. In the United States our officers serve the Nation, not the Government. They take an oath to uphold the Constitution, not the men in office.

In the United States we have firmly established the principle of civilian control. Properly understood, that principle is another way of stating that our Armed Forces serve the ends of the Nation, not of the military or of the men in office. This principle is the result of the long struggle between the British people and their kings. The people won the victory in England because they anchored the armed forces securely to the nation and not to the king, through parliamentary control of the purse. Congress has that control today, if it would only use it for the protection of our country. This is the cornerstone of government under law.

Civilian control means that the nation, and not the military experts, decides whether we shall resort to war. The nation, and not the military experts, decides when we shall return to peace.

This principle has never been questioned by American military men. They are as eager as any civilian Americans to preserve our Constitution and our unwritten law.

It is time, however, that we stated the complementary principle. Experts do not decide whether their advice shall be followed, but they are entitled to full responsibility in making their recommendations. No lawyer would permit a layman to decide how he should handle a plea whether to file a plea in abatement, a demurrer, or a cross-complaint. It just is not done. No doctor would permit a layman to decide how he should arrive at a diagnosis.

The people of the United States want their Defense Department and their Military Establishment to give them the best professional advice on how to make our country secure. We do not want carefully doctored advice. We do not want advice strained through the channels of any other government departments, to serve the hidden purposes of their ruling cliques.

Our country needs the best professional military advice, as we have never needed it in our history. We are not getting it.

TRANSFORMATION OF OUR MILITARY ESTABLISHMENT

Beginning about 1940, the American Military Establishment suffered a momentous transformation. It was quietly changed from serving the Nation to serving the Government.

The new ruling clique told our professional military thinkers that whatever they said was civilian, was to be civilian, and the military must accept it without question. "Theirs not to reason why, theirs but to do or die."

This was in no sense the historic policy of civilian control. It is simple political usurpation. The elite did not want anyone, including the military, to challenge their assumption of power to reduce American sovereignty, to create a world state, to impose collectivism, or to act as a fifth column. The military could not challenge civilian officials, unless they were prepared to be charged with militarism.

Let us look carefully at the meaning of this change. The military, whose oath binds them only to support the Constitution—and the Senator from Pennsylvania [Mr. MARTIN], who is present, took that oath—can be inveigled into a position where they obey the policies of men who ignore the Constitution. But political sovereignty has passed from the people, and their elected officials, when the military has no choice but to do what a small group of appointed officials say must be done. The sound principle of civilian control has been perverted into an instrument of political revolution.

The architect of this new kind of government was Harry Hopkins. In May 1940, when President Roosevelt announced the beginning of the defense program, Harry Hopkins became our chief military planner. He designed lend-lease as a bigger and better WPA, on a global scale. Americans thought they were getting a law to permit the loan or gift of military equipment to Britain. But the experts had in fact drafted a law under which everything was a defense instrument, and any country might be included, whenever the President—that is, Harry Hopkins—wished. All the products of every farm and factory in the United States, all the designs and inventions and blueprints, were one stream which Harry Hopkins could tap at any point he wished, and divert in any direction he pleased.

Then Hopkins had himself made head of the Combined Munitions Assignment Board, an international body, because he wanted to be above the Congress and above the law. He was above all the military officials, because he controlled their equipment. If Hopkins said goods were to go to the U. S. S. R., they went to the U. S. S. R. No military man could object or stop it. Maj. Racey Jordan has told us how shocked were American flyers, when they learned, at Great Falls, Mont., that Soviet flyers had a priority over flyers in the American Armed Forces. Soviet flyers came first, because Harry Hopkins had won the power to say so, when he combined the resources of lend-lease with the above-the-law status of an international board.

PERVERTED CIVILIAN CONTROL

Here was complete perversion of the doctrine of civilian control. Hopkins made whatever decisions he liked, and called them civilian. The military no longer made the top professional decisions on what would or would not be militarily best for the United States. They were reduced to the status of technicians, helping all-powerful civilian officials to implement their decisions with military power to back them.

Harry White and Harold Glasser in the Treasury adopted the same technique in rewriting the directives for military government in Germany. America's best professional military men struggled in a straitjacket of innocent sounding directives which were meant to make Germany into a desert, so the U. S. S. R. would not fear German strength on her borders. Only by the most courageous use of the right of the Armed Forces to prevent sickness and uprising in occupied areas, were General Eisenhower and General Clay able to prevent disaster before these policies could be modified by Congress.

American pro-Communists in the civilian branches tried to impose a collectivist, pro-Communist civil government in Japan. They issued directives for labor policies designed to destroy Japanese production, while the United States paid relief costs. That production was a military threat to the U. S. S. R., not to us. They broke up the big firms as a "civilian" measure, but the real purpose again was the military security, not of the United States but of the U. S. S. R. General MacArthur had more trouble with pro-Communist American civilians after the surrender than he had with the entire Japanese Nation.

I am opposed to militarism, as much as is anyone in this body. I am completely opposed to taking a single step that will militarize any area of American life. But the danger of militarism does not come from our professional military men, who love the Constitution, who are committed to our form of government, and who live by a code of duty. The danger of militarism comes from a few civilians, from power-mad, egocentric, ruthless, unscrupulous civilians, who are intoxicated by the taste of military power and have no professional code of ethics to restrain them.

The civilian Government officials who wanted to control military policy were not our elected officials, not the Cabinet members known to and responsible to the President, not the old-fashioned American public servants. They were appointed officials, who in fact were responsible to no one.

LEFTWING COLLECTIVISTS DOMINATE OUR MILITARY POLICY

It was the leftwing collectivist elite in our Government which learned how to manipulate the levers of Government in the thirties, which grew to global dimensions in the war, and which consolidated its power in a legal spider web of treaties, executive agreements, conferences, and directives, in preparation for permanent control of our postwar policies.

Dean Acheson completed the legal maze. With the help of Alger Hiss, Philip Jessup, and others, he coordinated all the powers his predecessors had discovered. In addition he devised a perfect maze of boards and commissions high up in the governmental stratosphere, above the Cabinet, where decisions on military and political policy could be made by his men without interference by Congress.

Acheson also devised a maze of treaties and charters and conferences in which American sovereignty was diluted, and American military might was hamstrung.

He and his collaborators put the restrictions into the U. N. Charter, its pacts, NATO, the German peace contract, and the Mutual Security Act.

The evil that he did lives after his day is ended.

We are still bound by the commitments these men made in the U. N. Charter. We have put the Pan American Union, defense of the Atlantic, the Japanese peace treaty, and every dollar we gave our military, to strengthen our allies, into the vise of the U. N. formula—that no nation can get weapons to defend itself if the U. N., including the Soviet Union, says its desire for independence is not peace.

This false interpretation of the sound principle of civilian policymaking is still with us. The same civilians are pressing for control of education of our fighting men in all nonmilitary subjects, which means they can insert leftwing and collectivist ideas in economics, politics and Government, and literature courses.

POLITICAL COMMISSARS

Carried far enough, Mr. President, this is the concept of political commissar, who is placed above the military in every Soviet fighting unit, to make sure that all political matters are slanted to suit the political oligarchy, and not the body of fighting men and their officers, who think very much as the nation does.

Another angle of this problem is the widening influence of lawyers on the defense arm. The channeling of military aid through nonmilitary agencies like Foreign Operations Administration or foreign or international bodies, multiplies the paper work, the contracts, the conferences, the need for a growing body of lawyers, within the Defense Establishment itself. It looks as if we were training more legal accountants than we were military strategists.

I share the pride of all lawyers in their proper work of protecting the life and property of good citizens. But I do not think lawyers should make our military policies as generals should not tell the courts how to try cases.

We cannot let lawyers determine the striking power of our Armed Forces, when our fighting power must meet the maximum onslaught of a hostile power.

In the voluminous pages of the hearings on mutual aid, we can see the pitiful story of what was done with the hundreds of millions Congress voted for military strengthening of Southeast Asia. While the Red Chinese were building new roads and railroads to link the Siberian railroad to Vietnam, our bureaucrats were gearing shipments to the ability of French bookkeepers to make the kind of accounting reports FOA required. When the French bookkeepers had been laboriously taught their paperwork, more time was lost teaching paperwork to the clerks of Vietnam.

Is that the way to fight Communists?

Is that the way General Eisenhower and General MacArthur and the admirals won World War II? Or does this paperwork hide the spiderweb of sabotage, by whose meshes the military plans for aid to Vietnam were kept too little and too late?

THE COMMUNIST INFLUENCE IN MILITARY AFFAIRS

Many other curious things have been happening in our military affairs, while the searchlights of Congress were playing on the State Department.

Senators will recall most of the episodes.

We have not yet found out who took over the vast surpluses of war materiel in 1945, worth many billions of dollars, and smashed them, or threw them into the sea, so they could not be given to Free China, or any country the Communists were planning to attack.

We have not yet traced the forces which broke up our great military establishment in Europe and the Pacific in 1945, though we knew the Communist maritime unions, and the hidden Communists in the Armed Forces, played a part in it.

There are other things I do not like, such as the enormous appropriations which give us a fat distended defense system, where we need a lean and mus-

cular one. Nor do I like the curious swings in defense appropriations. I do not like the way Secretary of Defense Forrestal was harassed into an early grave, because he knew how to stop communism. I do not like the way Secretary Johnson was forced out of office during the worst of the Korean war by a newspaper cabal acting to suit Secretary of State Acheson. I do not like the "mom stuff" which weakened our toughness, the loss of unit identity, changes in military justice, the belittling of officers and rank, the status of forces treaties—here is something to be proud of—the subtle weakening of morale, which has reduced our reenlistments and greatly increased the cost of our defense. Hanson Baldwin recently listed some of the poorest of our postwar military policies, everyone of which I thought could be traced to sabotage of our military policy by hidden Soviet sympathizers.

Most important of all, I do not like the precedent set by President Truman's accepting appointment as U. N. military representative for the war in Korea. Did that act take the American President out from under the Constitution? Did it mean that, as a U. N. military official, he could give what orders he wished to the U. N. forces, free of the restrictions in the United States Constitution? Could Americans in the U. N. forces be ordered to do what American forces cannot do under the Constitution—take military action in a domestic crisis? Are our fighting men deprived of any constitutional rights when the new authority takes over? We do not know. But Congress does not want to find out, in some later crisis, that the American President has acquired a precedent for absolute power the Constitution was designed to forbid.

In short I see disturbing indications that our Armed Forces have been subjected to a carefully planned Communist campaign, working through many channels, to weaken our military strength so far as it could be done without detection, and to separate it as far as possible from Congress.

We have learned what hidden Communists did to our foreign policy agencies. That has been documented. We have not spelled out what they did to our military agencies.

No Senator would want to sit down at a chess game with the Soviet chess team, if he thought his American partner was a secret Communist, planning how to throw the game to the Soviet players without being detected. Mr. President, you and I do not want to draft American youth, to engage in any military contest with the Soviet forces, if somewhere, high up on our side, someone is secretly planning how to throw the contest to the Soviet side, without doing anything tangible enough to be found out.

WE MUST PUT DEFENSE OF AMERICA FIRST

I want something very simple. I want to cut the silken threads which tie our Defense Establishment to any policy or agency except defense. I want our military to work at one problem only—how can we best protect the United States, today?

I do not want our military to be limited to explaining how to defend the United States within the framework of alliances and global commitments made by Hopkins, Acheson, White, and Hiss. I want the President, the Secretary of Defense, and our military experts, to prepare the best possible plans for defense of our country, without reference to existing foreign policy commitments, and to report the results to Congress and the people.

We shall be told that defense plans must be hush-hush. That is ridiculous. Timing, weapons, tactics, must be kept secret, but strategy cannot be kept secret.

Furthermore, I believe that unless the people of the United States are given new faith in a basic strategy to defend our country, we shall drift in hopeless confusion, while the world is taken over.

So far as our present Government is concerned, we have a golden opportunity. General Eisenhower was trained in the tradition that military men were proud to swear loyalty to the Constitution, and to obey the civil power on political issues because it, too, obeyed the Constitution. He knows the waste and loss and confusion of the years when civilians eager for power took over the making of professional military decisions in Europe and Asia, and pushed aside military advisers who thought solely of the security of our country.

We could not ask for a better team than President Eisenhower, Defense Secretary Wilson, Admiral Radford, and the other Joint Chiefs.

We ask only that they put first questions first: What is the true military situation in which we find ourselves? What is the best military judgment of American military men? What is the true American solution for the dangers we face?

Having found the clear precise pattern of our military situation, standing alone, we can then decide when and how we shall cooperate with other nations to prevent Soviet world dominion. The only requirement is that our friends must pass our military test: Will they stand up under Communist pressure?

Let Senators ask themselves that question today about France and Italy, to whom we are sending $3 billion, and who have already had $10 billion.

We want no more elaborate "defense plans" which tie our strength to nations which will collapse at the first thrust.

We do not want airbases on the soil of nations whose maritime unions are under control of Moscow. We do not want our troops quartered with nations which have nonaggression pacts with Moscow, or are eagerly nibbling at the steel hook of peaceful coexistence, all covered with the pretty feathers of East-West trade.

We do not want to station men at bases abroad where they will be interned the day war starts. We do not want to assemble any more war materiel at points convenient for the Communists to seize it.

We want every step in American security policy to be clear and open, with a direct chain of command from our fighting men to the American President. We want all of our defense program to be managed by defense officials operating with clear-cut authority. We do not want any crisscross organization where internationalist lawyers can spin the silken threads which bind our military strength on the instructions of men we cannot see.

We do not want any chess players on our side who are secretly working for a Soviet victory by moves so quiet, so neatly contrived, that they will not be recognized.

INDEPENDENCE FOR ASIA

We can then announce a clear and simple policy to the world. We shall permit nothing to interfere with defense of our country. We shall help others if they want independence for themselves.

As a small nation we fought a war with a great power to win our own independence. We have a natural sympathy with other small nations who love independence.

The Communist slogan is "Asia for the Asians." But the pitiful Chinese laborers in the uranium mines of Czechoslovakia know that an Asian slave driver is still a slave driver.

Our slogan should be "Independence for the Asians." Our policy should be arms, equipment, and training for the nations which will fight to remain free.

I do not want war for my country. I do not want the youth of Asia to go to war if they can avoid it. But I know they will prefer to fight if they must choose between a soldier's pack and a prisoner's chains. The same principle applies to Europe. If the West Germans know they wish to be free, but the French and British cannot make up their minds, then we must support the full rearmament of Germany, without tying her to reluctant allies through the EDC.

This is in fact the only hope of preventing war. The tensions inside the Communist slave states are so great that they would burst asunder, except for new Communist conquests, which provide booty to quiet the starving and the embittered. It is not the Soviet Union but its fifth columns which make these conquests possible. When the Communist empire must face armies of freemen, poised on her borders, when it can get no secret help from fifth columns in the western nations, the end of the Communist nightmare will be at hand.

The giving of training and equipment to preserve the independence of Asian small nations involves no conflict with the U. N., as it ostensibly operates. The U. N. has raised no objection to Red China's supplying arms and training, and even trained fighting men to the Viet Minh. The U. N. raised no objection to the Soviet Union sending arms, equipment, and training to Red China, when she was fighting our forces. If the U. N. permits the Communist states to supply arms for conquest, it cannot morally or legally object to our supplying arms to nations which ask only to remain free. Let us say so openly.

There is furthermore no good reason why American officials should not present a truly American viewpoint in U. N. We do not have to ask others what we think. We cannot look to U. N. for judgment

better than our own. Insofar as we cooperate with U. N., it is still our duty to find the best solution of our military and political problems. We can hold fast to our own beliefs, in all meetings and political conferences, until some other nation publicly presents a better plan.

Let us remember—U. N. is not made up of supermen. It is made up predominantly of members of the leftwing cabals which have the dominant power in so many countries today. They ask us to accept U. N. decisions without using our intelligence, as if they were superjudgments. But the collectivist inner circle wants us to accept without question policies which lead to one-world supergovernment under their complete control.

TIME FOR NEW BEGINNINGS

It is time, Mr. President, for a total reexamination of our security as a nation. The New Look in defense must be not a slight rearrangement of the Hopkins-Acheson-Hiss-White military policy but a wholly American military policy, made from the beginning by President Eisenhower, Secretary Wilson, Admiral Radford, and his colleagues, for one purpose only—the military security of our country.

As a first step, we should have tabled the mutual defense authorization bill for this session. Of course, that would not have been done. There is plenty of time to prepare a new bill in accordance with our new defense policy, early in the next session. We have plenty of time. There is plenty of money available. More than $10 billion is available. There is enough money for the next 3 years, without appropriating another nickel.

The Foreign Operations Administration has $10 billion still unspent. If we vote for this bill, we vote to keep the FOA program in its present form for 3 full years. If Senators want to do that, they can vote for it.

French newspapers reported months ago that FOA plans to give most of the money saved from military aid in southeast Asia for an enlarged plan for economic and social aid and point 4, in foreign countries. That suggestion which was first made in the French newspapers is now appearing in our press. We shall be told that military help is futile in fighting the Communist legions, and that economic and social aid will somehow do better.

This plan was first formally proposed several years ago, and approved by President Truman. It resembles closely the long-term Soviet objective—to get American resources divided up among the rest of the world, so that our standard of living will fall, while we pour capital goods into the countries they plan to take over.

Congress should know much more about this substitute for military aid before it votes more funds to FOA.

For nearly 20 years, a few of our Government servants have been secretly trying to become our masters. First they scattered welfare largesse far and wide, then they learned to enjoy the thrill of vast war operations, and finally to construct a system of legal bars and booby-traps so delicate it could hardly be seen, so powerful that sovereignty could never be recaptured by the people.

Geneva is their monument. We must sink slowly down to the defeat they planned for us, or rise up and walk.

Geneva was a disaster. We have an opportunity to make it a Dunkerque.

Our country is fortunate in having the leadership which can guide us out of the wilderness the collectivists have made. Our people are ready and eager. I know all Members of this Congress, including all true Democrats and true Republicans, will give of their best.

Let us make the blackness of Geneva the dark before the dawn. Let us say to the sorrowful people of Vietnam and all the other people now in the shadow of the Communist assault, that never again will the American Government consent to see an innocent people subdued to slavery.

We must free ourselves first.

We must never again let our strength be bound, like Gulliver, by bonds fastened on us by the little people who love power. If we free ourselves, I am confident the Communist barbarian invasion will stop and then recede, to be scattered, like the legions of Attila or Genghis Khan, to the four winds, as the free people of the world see ahead the light of hope.

ORDER FOR RECESS UNTIL 10 O'CLOCK A. M. TOMORROW

Mr. KNOWLAND. Mr. President, after consulting with the minority leader, I ask unanimous consent that when the Senate concludes its business this evening it take a recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CONVEYANCE OF LAND TO STATE OF CALIFORNIA FOR AN INSPECTION STATION

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3239) to authorize conveyance of land to the State of California for an inspection station, which was, on page 2, lines 6 and 7, strike out ", as shown on the accompanying map of the above-mentioned highway."

Mr. KNOWLAND. Mr. President, may we have an explanation of the amendment?

Mr. KUCHEL. Mr. President, I may say, first of all, that I have discussed this matter with the minority leader and with the majority leader, and it is satisfactory to them that this matter should come up at this time.

The bill, which was unanimously passed by the Senate, affects, as the title suggests, the conveyance of a piece of property from the Federal Government to the State of California. The House has added an amendment which eliminates a phrase contained in the bill as it passed the Senate. It is irrelevant to the bill and should not be included in it. The language eliminated is: "as shown on the accompanying map of the above-mentioned highway."

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on the motion of the junior Senator from California [Mr. KUCHEL].

The motion was agreed to.

INCREASE OF PUBLIC DEBT LIMIT

Mr. KNOWLAND. Mr. President, pursuant to discussions which I have had with the minority leadership, I ask unanimous consent that the unfinished business, Calendar No. 2004, H. R. 9366, the social-security bill, be temporarily laid aside, and the Senate proceed to the consideration of Calendar No. 2254, H. R. 6672, which is the public debt limit bill.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 6672) to increase the public debt limit.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause, and insert:

That during the period beginning on the date of enactment of this act and ending on June 30, 1955, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by $6 billion.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, with reluctance, I have introduced, on behalf of the Senate Finance Committee, a bill to raise the debt limit of the United States by $6 billion for a temporary period terminating next June 30.

The necessity for this action is demonstrated by simple arithmetic. It is required to enable the Treasury to pay the bills of the various departments of the Government in accordance with the appropriations voted by the Congress in this and preceding sessions. Without this action the Treasury would not be in a position to pay the bills between now and next June 30.

As all Senators know, the aggressions of communism in Korea and elsewhere compelled our country to undertake a great arms program. It was the only way of safeguarding our country and other free nations from the deliberate plan of communism to dominate the whole world.

Our huge defense program made necessary large appropriations. When the present administration took office there were about $80 billion of accumulated authorizations for expenditures, largely

in connection with this program, in addition to requirements for current appropriations.

The Congress and the Executive, working together, have pared this program and other Government programs down to bare essentials. A deficit of $9½ billion in fiscal 1952–53 was reduced in the past year to $3 billion, despite the fact that taxes were reduced. Authorizations for new spending have been subjected to the closest scrutiny, and are being reduced each year by the Congress and the Executive.

Last week, when the Secretary of the Treasury came before the Finance Committee, he pledged that the administration would exert every effort to reduce expenditures further, consistent with our national defense. The Appropriations Committees and other committees of the Congress have given evidence of their earnest efforts in the same direction. In spite of these efforts, we continue to have, for the time being, deficits which must be financed.

Our problem is complicated by the fact that taxes are not collected evenly during the year. There is a wide variation in the collection of corporate income taxes under the Mills plan. For example, the Treasury collected $16 billion of corporate taxes in the first 6 months of 1954. In the second 6 months it will collect only $4 billion. To meet this disparity, the Treasury must borrow money between now and December 31, much of which it can repay next March and next June when corporate tax receipts are heavy. The borrowing for this purpose will increase the national debt above the present limit.

The total debt on August 2, 1954, was $274.1 billion and the cash on hand was $5.9 billion. The best estimate of the Treasury is that expenditures between now and January 15, 1955, will exceed receipts by nearly $9 billion. Without any change in the debt limit we would, by January 15, have no cash balance and would still have more than $2 billion of bills unpaid. This is based on the best estimates; and the facts may prove the estimates to be wrong to the extent of two or three billion dollars for the better or worse. Therefore, Mr. President, the simple arithmetic of this situation means that we must increase the debt limitation.

The next question is, How should we do what is necessary to be done? A year ago the administration requested an increase of $15 billion in the debt limit. The Secretary of the Treasury indicated to the Finance Committee last week that he can get along with a smaller increase than that. This is because the Congress and the Executive, working together, were able to bring about a substantial cut in Government expenditures. The Secretary of the Treasury suggested, in response to our inquiry, a $5 billion continuing increase in the debt limit and, in addition, a temporary $5 billion increase to take care of the seasonal swing in budgetary receipts which I have described.

A majority of the Finance Committee, after full discussion, recommends to the Senate a temporary increase of $6 billion, which will expire next June 30. The committee believes that this action will carry us through the present fiscal year.

In proposing this temporary and limited increase, the committee gives evidence of its great concern over the continuance of deficit financing, and its desire to bring spending under control.

In presenting to the Senate the recommendation of the committee, I conclude by again emphasizing that the entire question of the control of spending and national policy with respect to the ceiling on the debt will require our continuing interest and further review at the next session of the Congress.

Mr. BYRD. Mr. President, the pending bill will not increase the permanent Federal debt ceiling. It would authorize the Secretary of the Treasury, as the chairman of the Committee on Finance has just said, temporarily to borrow up to $6 billion in excess of the permanent $275 billion limit. This temporary authority expires June 30, 1955, under terms of the bill as recommended by the Senate Finance Committee. It was adopted by the Senate Finance Committee 9 to 6 as a substitution for a higher debt ceiling.

Maladjustment in tax collections as between periods within the fiscal year is one reason why temporarily it is necessary to exceed the present statutory limit at certain periods. Under recent tax laws collections have been running high in the first 6 months of the calendar year, which is the last half of the fiscal year, and they have been running low between June and January. For example, 45 percent of the 1954 payments from corporations were paid in March and 45 percent in June and only 5 percent in September and December.

Therefore, peaks and valleys in revenue collections result largely from the practice of collecting practically all of the corporation income tax in the first half of the calendar year.

Restoration of the quarterly system of corporation tax payments is provided in the new tax code just enacted by Congress, and the problem of unevenly distributed collections will be eliminated gradually.

The Federal tax revenue for the current fiscal year is estimated at $61.5 billion. If this were collected by the Treasury in equal monthly amounts, there would be no necessity for increasing its borrowing authority for any period in the year.

If this total were spread equally over the 12 months in the current fiscal year, the Treasury, despite a $4 billion deficit, could meet its monthly expenditure requirements within the $275 billion permanent debt limit, with never less than $6 billion in combined borrowing authority and cash balance.

This is clearly demonstrated in a table I have prepared showing what the monthly fiscal situation would be this year if the revenue collections were equally spread over the 12 months.

Mr. President, I ask unanimous consent to have the table printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Month	Revenue	Expenditures	Deficit or surplus	Leeway under statutory debt limit, plus cash balance
June 30, 1954				$10.4
July	$5.1	$5.3	−$0.2	10.2
August	5.1	7.0	−1.9	8.3
September	5.1	4.5	+.6	8.9
October	5.1	5.3	−.2	8.7
November	5.1	5.0	+.1	8.8
December	5.1	6.4	−1.3	7.5
January	5.1	5.0	+.1	7.6
February	5.1	4.6	+.5	8.1
March	5.1	5.5	−.4	7.7
April	5.1	5.2	−.1	7.6
May	5.1	5.1		7.6
June	5.1	6.7	−1.6	6.0
Total	61.2	65.6	−4.4	

Mr. BYRD. Mr. President, unfortunately, correction of these maladjustments in revenue collections cannot be made effective in the current year. As a result leeway under the debt limit will be exhausted and the cash balance will be drained in the July to December period, leaving neither borrowing authority nor cash balance to supplement collections in the January to March quarter.

Figures submitted by the Secretary of the Treasury indicate a shortage of funds from November 1954 to March 1955. As of July 30, 1954, the combined borrowing capacity and cash on hand aggregated $10.4 billion, and by next June 30, without additional borrowing authority, it would be back to $6 billion.

Figures submitted by the Secretary of the Treasury show a shortage of funds in the period from November to March.

As of June 30, 1954, the combined borrowing capacity and cash on hand aggregated $10,400,000,000. That total was available at the start of this fiscal year.

The temporary authority to exceed the statutory debt limit by $6 billion between now and next June, as proposed in the pending bill, would provide the Treasury with a minimum working balance of approximately $4 billion at all times. At this point I shall indicate when the shortages will occur.

On December 15, under the existing maladjustment of income, the Treasury would have exhausted its borrowing capacity, there would be no cash on hand, and the cash position would be minus $700 million. To that extent the Treasury will lack funds with which to pay its bills.

The January 15 borrowing capacity would be exhausted, and the cash position would be minus $2,100,000,000.

On January 31 the cash position would be minus $900 million.

On February 15 the cash position would be minus $100 million.

On February 28 the borrowing capacity would be exhausted, and there would be no balance on hand.

On March 15 the cash position would be minus $1,300,000,000.

From that date on the balance would accumulate, without any increase in the debt ceiling, so that on June 30 of next

year the Treasury would have borrowing authority of $1,400,000,000 under the $275 million debt limit, and $4,500,000,000 in the operating cash balance, making a total of approximately $6 billion.

The temporary authorization of a $6 billion increase in the debt limit would at all times provide for the shortages, and would give the Treasury a working balance of not less than $4 billion. It seems to me that that should be sufficient.

Mr. President, I ask unanimous consent to have printed at this point in my remarks a table showing the Treasury's monthly position under the $275 billion debt limit presented to the Committee on Finance by the Secretary of the Treasury. This table clearly shows the fiscal strain resulting from peak and valley collections.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Public debt outstanding and Treasury cash, semimonthly, fiscal year 1955

[Estimated in billions of dollars]

	Debt outstanding subject to limit	Leeway under limit	Operating cash balance
1954:			
June 30 (actual)	270.8	4.2	6.2
July 15 (actual)	[1] 270.4	[1] 4.6	[1] 4.5
July 31	[1] 270.4	[1] 4.6	[1] 3.7
Aug. 15	274.4	.6	5.2
Aug 31	274.6	.4	4.9
Sept. 15	274.2	.8	3.9
Sept. 30	274.3	.7	4.8
Oct. 15	275.0		3.7
Oct. 31	275.0		2.6
Nov. 15	275.0		2.1
Nov. 30	275.0		1.6
Dec. 15	275.0		−.7
Dec. 31	275.0		−.9
1955:			
Jan. 15	275.0		−2.1
Jan. 31	275.0		−.9
Feb. 15	275.0		−.1
Feb. 28	275.0		
Mar. 15	275.0		−1.3
Mar. 31	275.0		3.7
Apr. 15	275.0		2.4
Apr. 30	275.0		3.1
May 15	275.0		3.1
May 31	275.0		2.5
June 15	275.0		.9
June 30	273.6	.4	4.5

[1] Revised from figures used in July 8, 1954, table to reflect experience during 1st half of July.

Source: Office of the Secretary of the Treasury, July 20, 1954.

Mr. BYRD. The Eisenhower administration is pledged to a balanced budget. Last year it reduced expenditures by more than $6 billion as compared with fiscal year 1953. The expiration of this new temporary borrowing authority as of next June 30 anticipates, and gives the opportunity for, still further efforts to balance the budget in the year beginning next July 1.

I am pleased to note that the President has issued instructions to all departments and agencies of the Government to reduce their expenditures even more in the preparation of their budget estimates for next year. This can be done without impairment of any essential Federal function to the extent that there will be no necessity next year to renew the temporary borrowing authority provided in this bill.

It was a year ago that the President requested Congress to increase the debt limit from $275 billion to $290 billion. A bill making this increase was passed by the House of Representatives and sent to the Senate. The Senate Finance Committee heard the testimony of administration spokesmen who said unless the debt limit were raised by $15 billion at that time the Government would be unable to pay its bills and a panic would result.

After full deliberation, the Finance Committee, 11 to 4, refused to report the $290 billion debt limit bill. What happened? The heavens did not fall; panic did not occur. The administration reduced its spending and stayed within the statutory debt limit.

In my opinion the action by the Finance Committee last year was the greatest single factor in the expenditure reduction. But there was still a deficit of more than $3 billion which has reduced both borrowing authority and the cash balance. Without a huge balance the low revenue months cannot be bridged.

The debt limit is no mere gadget without real purpose. Congress, for many years, has fixed a Federal debt limit beyond which Government officials cannot borrow. Today this $275 billion limit is of real significance to our future solvency. It is true that nearly every State has a constitutional provision against deficit spending and also every city and county.

Prior to World War I Federal debt was a minor problem. On July 1, 1914, the interest-bearing debt was less than $1 billion. At that time Federal debt could be created only by act of Congress which specified the purpose. I wish to emphasize that, Mr. President. On July 1, 1914, and before that date, during the entire history of this Government, there could be no debt authorized by the Government except by act of Congress which specified the purpose for which the debt was created.

This procedure was revised to meet the needs of World War I. It was in that period that the Secretary of the Treasury was given authority to borrow, subject to an overall limit fixed by Congress.

This statutory limit was first fixed at $11.5 billion, and then raised to $20 billion, to $28 billion, to $37 billion, and then to $37.5 billion in 1921.

The limit was kept at $37.5 billion for 10 years. In 1931 it was raised to $45.5 billion, and then to $48 billion in 1934. In 1935 it was reduced to $45 billion.

In 1940 it was raised again to $49 billion, then to $65 billion in 1941. With the beginning of World War II, it was raised to $125 billion in 1942, to $210 billion in 1943, to $260 billion in 1944, and it is now $275 billion.

The $275 billion Federal debt which we now owe is equivalent to the full value of all the land, all the buildings, all the mines, all the machinery, all the livestock—everything of tangible value—in the United States. We are mortgaged to the hilt.

It should be the considered judgment of every one of us that the Federal debt should not be increased except for extreme national emergency, and the size of the Federal debt is the greatest national emergency confronting us at the moment.

We, of our generation, should pause to realize that we are the trustees of our freedom. It is our obligation to preserve sound government for future generations.

This Nation has been through many wars, and after each of them, except World War II, we have discharged at least part of the debt incurred for our defense. After World War II we continued to add to our national debt, and 10 years after its conclusion we still are borrowing.

For all practical purposes, there has been no reduction in the Federal debt since the end of World War II. The only reduction was made with unused proceeds from a huge bond issue just before the end of the war. When the war contracts were canceled, the unused money was used to reduce the debt. Otherwise the debt has been increased steadily by deficits in 21 of the last 24 years.

Mr. President, let me repeat that. In 21 of the last 24 years, we operated at a deficit, and we had a balanced budget in only 3 of those years.

Young men and women, born in 1930, have lived under a Government operating in the red virtually all of their lives. Today the interest on the Federal debt takes more than 10 percent of our total Federal revenue. Without the tremendous cost of this debt, our annual tax bill could be cut 10 percent, across the board.

As it is, we are borrowing money at this very time to pay interest on money we have borrowed before. That means the interest is compounded.

In a Government grown callous to deficit financing, to increase the permanent debt limit would be regarded by every bureaucrat as license to increase his demands for higher expenditures. The lid would be off.

It is my firm conviction that if we had increased the debt limit to $290 billion a year ago, we now would be approaching that limit and preparing ourselves for another request to raise it again to $300 billion.

Actually, we should be reducing the debt at this time, not increasing it. If we cannot balance the Federal budget and reduce the debt in peace and better-than-normal prosperity, when can it be done?

This request to raise the debt limit behooves us to take a close look at our fiscal situation.

Our existing debt is $275 billion; and this is not all.

We have contingent liabilities totaling $200 billion in obligations the Federal Government has guaranteed, insured, and otherwise assumed on a contingent basis. Within this total there is probably some $40 billion outstanding in contingent Federal housing program liabilities. And from recent disclosures, largely confined to only one of FHA's 14 programs, it is evident that a large percentage of these contingent liabilities eventually will become a real draft on the Treasury. And this is not all.

In addition to the $275 billion in direct debt, and the $200 billion in contingent liabilities, we have on our hands a social-security system which is no

longer actuarially sound. The ultimate cost to the Federal Treasury of this system is still unestimated. But the fact remains that when the premiums imposed upon those covered into the system are no longer sufficient to pay the benefits, regular tax revenue collected by the Treasury from those in and out of the system will be used to finance the deficiency.

In opposing the requested increase in the permanent statutory debt limit, it is not my purpose to embarrass the administration. To the contrary, the effort to hold the lid on the debt is to strengthen the administration's hand for economy leading to the balanced budget which the President of the United States sacredly pledged in his 1952 campaign.

We should never be misled by academic star gazers who contend that public debt is unimportant when we owe it to ourselves.

Public debt is not like private debt. If private debt is not paid off, it can be ended by liquidation. But if public debt is not paid off with taxes, liquidation takes the form of disastrous inflation or national repudiation. Either would destroy our form of government.

Few will deny that we have reached our solvent limit. As to inflation from deficit financing, I have two tables developed from official sources, and they have been checked and rechecked. One shows deficit spending by years since 1940. The other shows the fall in the purchasing power of the dollar over the same period.

Beginning with 100-cent dollars in 1939, the purchasing power dropped 5 cents in 1940 and 1941 when the combined deficits were more than $8 billion. Despite wartime controls, it dropped 17 cents under the pressure of war deficits. And under postwar deficits it has dropped another 26 cents. As we all know, the purchasing power of the dollar is now estimated at 52 cents as compared with the purchasing power of the dollar at 100 cents in 1939.

Mr. President, I have a table showing year by year how, under deficit spending, the value of the dollar has declined. I ask unanimous consent to have the table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Purchasing power of the dollar as measured by index 1935-39=100	Fiscal year deficits (−) or surpluses (+) in billions
1940	99.8	−$3.6
1941	95.1	−5.1
1942	85.8	−19.6
1943	80.8	−55.8
1944	79.6	−49.6
1945	77.8	−53.9
1946	71.7	−22.0
1947	62.7	+.7
1948	58.2	+8.4
1949	58.8	−1.8
1950	58.2	−3.1
1951	53.9	+3.5
1952	52.7	−4.0
1953 (September)	51.9	−9.4
1954 (June)	52.0	−3.0

Mr. BYRD. Mr. President, I shall cite a few of those years. These are official figures prepared by the Library of Congress. In 1941 the purchasing power of the dollar had declined 5 cents from 1939. In 1942 it declined 10 cents in 1 year, and the purchasing power of the dollar was 85 cents. In 1941 it was 95 cents. With all the financial disaster suffered by some of the European nations, not many of them had lost 10 percent of the value of their money in 1 year. In 1942 the value of the dollar went down 5 more cents, because in the 2 years I have given, when it went down 15 cents, we had deficits of $74 billion.

In 1944, when we had a deficit of $49 billion, it went down 2 cents more.

In 1946, when we had a deficit of $22 billion, it went down 6 cents more.

In 1947 it went down 9 cents; and so forth.

I do not contend that deficit spending is the sole cause of inflation. Of course there are other causes of inflation. But I respectfully submit that this table indicates—and I think most economists will agree—that deficit spending is perhaps the greatest single factor in the cheapening of the value of the money of any country.

We may regard these facts and figures lightly, if we choose, but the loss of half the purchasing power of its money in 13 years should be a serious warning to any nation. As I have said, other factors may be involved, but there is no doubt that deficit financing cheapens money. Cheapening money is inflation. Inflation is a dangerous game. It robs creditors. It steals from pensions, wages, and fixed incomes. Once started, it is exceedingly difficult to control.

Mr. President, I wish to compare for a moment the debt of the United States with the debts of other nations in Europe to which we have been making very large contributions.

Austria, for example, from the latest information, has a debt of $500 million.

Belgium has a debt of $5 billion.

Denmark has a debt of $1.2 billion.

France has a debt of $13 billion. I think the records will show that we have given to France more than $13 billion under the different plans of distributing our money abroad.

Greece has a debt of $510 million.

The Netherlands has a debt of $6 billion.

Norway has a debt of $1 billion.

Portugal has a debt of $434 million.

Turkey has a debt of $1 billion.

The United Kingdom has a debt of $71 billion.

The total for the debt of those countries is $113 billion. In other words, the debt of the United States is two and one-half times as great as the combined debts of 12 European nations, all of which have been the recipients of our bounty. We are still contributing in a large measure to those countries, which have a smaller debt on a per capita basis and otherwise than the United States of America has.

We still have practically the highest taxes we have ever known, yet a balanced budget is not in sight. Unless Federal spending is still further reduced, deficit spending and inflation will continue to the bitter end, which is insolvency. Increasing our borrowing is merely a panacea. The only real remedy is to reduce spending.

We cannot defend ourselves militarily in insolvency. We cannot preserve our freedom in insolvency. The only real answer is to reduce spending. Our currency would be worthless in insolvency.

Those who willfully or otherwise would destroy American solvency would destroy freedom for people everywhere.

Today we are at peace. That is to say, while we must maintain a massive military organization, we are not at war. This period of international crisis may continue for many years. We must live with it and adapt our financial affairs to it. Great perils are lurking in this troublesome world. To be prepared for eventualities, we should strengthen our domestic economy and not weaken it.

The temporary increase which is proposed to be granted under this bill should not be renewed. The administration should reduce its expenditures within the fiscal year beginning July 1, 1955, so that it will not be necessary to renew the temporary increase.

The administration can prepare the next budget so that renewal of this provision will not be necessary. This is what should and must be done.

Let me say in conclusion that it is with great reluctance that I, as one who has fought to the utmost of my capacity against increasing the debt limit, made the motion in the Senate Committee on Finance temporarily to increase the debt limit, for the reasons which I have mentioned. I did so because I realized that for a period of 4 months the Treasury of the United States would be in an embarrassing position if we did not do so.

I know we must pay our bills. I know that when we create a debt, when we buy implements of war, or whatever our obligations may be, we must meet our obligations, and meet them on time. It has never been my desire or purpose, in the efforts I and my colleagues have been making to keep the debt within a reasonable limitation, to create a situation which would be financially embarrassing to those who must pay the bills from the appropriations which are made by Congress.

Mr. President, I submit that the time has come when we must cease increasing the debt. I further submit that the Congress has lost control over the budget. Why? Because there are unexpended balances today aggregating $60 billion.

We shall have appropriated, when we adjourn, another $55 billion or so, which authorizes the administration to make expenditures of $115 billion. That is to say, should it be physically possible to expend that sum and should the money be available either from taxes or from borrowing, at any time in this fiscal year the Government could spend the entire amount of unexpended appropriations and new appropriations which we have provided this year.

As the Senate well knows, when we pass an appropriation bill there is no way in the world to tell how much of the money will be spent in the next fiscal year or in some other fiscal year. There is no way in the world to tell what the

administration will be called upon to spend from the $60 billion unexpended balances it has on hand.

I conclude with the thought that the time has come to set our financial house in order. The time has come to put this country on a sound fiscal basis. If we do not do so, sooner or later we shall suffer disaster.

I ask unanimous consent that following my remarks tables 2, 3, and 4, which are the latest estimates of expenditures and revenues, as prepared by the Treasury Department as of July 20, 1954, be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 2.—*Budget receipts and expenditures, fiscal years 1954–55*

[In billions of dollars]

	Budget receipts		Budget expenditures		Budget deficit (−) or surplus (+)	
	1954 actual	1955 estimated [1]	1954 actual	1955 estimated [2]	1954 actual	1955 estimated
July	3.4	3.0	4.8	5.3	−1.4	−2.3
August	4.4	4.0	6.3	7.0	−1.9	−3.0
September	5.9	4.9	6.0	4.5	−.1	+.4
October	3.0	2.4	5.8	5.3	−2.8	−2.9
November	4.6	4.1	5.2	5.0	−.6	−.9
December	4.6	4.1	6.4	6.4	−1.8	−2.3
January	5.0	4.9	5.2	5.0	−.2	−.1
February	5.4	5.4	4.7	4.6	+.7	+.8
March	11.4	9.1	5.6	5.5	+5.8	+3.6
April	2.8	4.4	5.3	5.2	−2.5	−.8
May	3.6	4.7	5.2	5.1	−1.6	−.4
June	10.5	10.5	7.1	6.7	+3.4	+3.8
Total	64.6	61.5	67.6	65.6	−3.0	−4.1

[1] Estimates are based on the January 1954 budget document except that they allow for reduced receipts of about $1.2 billion because of the Excise Tax Reduction Act of 1954.

[2] Estimates are based on the January 1954 budget document; monthly distribution assumes payoff of about $1½ billion Commodity Credit Corporation certificates of interest maturing Aug. 2, 1954, and issuance of $1 billion new certificates in September.

Source: Office of the Secretary of the Treasury, July 20, 1954.

TABLE 3.—*Projected budget expenditures,[1] fiscal year 1955 (estimated)*

[In billions of dollars]

	Department (military)	Mutual military assistance	Commodity Credit Corporation	Interest on public debt	Veterans' Administration	All other	Total
1954—July	3.2	0.4	0.1	0.2	0.3	1.1	5.3
August	3.2	.4	2.0	.2	.3	.9	7.0
September	3.0	.4	−1.0	.7	.4	1.0	4.5
October	3.1	.4	------	.4	.4	1.0	5.3
November	3.1	.3	------	.4	.3	.9	5.0
December	3.4	.4	------	1.2	.4	1.0	6.4
1955—January	3.2	.4	------	.2	.3	.9	5.0
February	2.9	.3	−.3	.4	.3	1.0	4.6
March	3.1	.4	------	.6	.4	1.0	5.5
April	3.2	.3	------	.4	.4	.9	5.2
May	2.9	.3	.4	.3	.3	.9	5.1
June	3.3	.3	------	1.8	.4	.9	6.7
Total	37.6	4.3	1.2	6.8	4.2	11.5	65.6
1954 actual	39.9	3.5	1.5	6.4	4.2	12.1	67.6

[1] Estimates are based on the January 1954 budget document; monthly distribution assumes payoff of about $1½ billion Commodity Credit Corporation certificates of interest maturing Aug. 2, 1954, and issuance of $1 billion new certificates in September.

Source: Office of the Secretary of the Treasury, July 20, 1954.

TABLE 4.—*Projected budget receipts,[1] fiscal year 1955 (estimated)*

[In billions of dollars]

	Individual income tax	Corporation income and excess-profits taxes	Excise taxes	All other (net)	Net budget receipts
1954—July	1.3	0.7	0.8	0.2	3.0
August	2.8	.3	.7	.2	4.0
September	2.7	1.2	.8	.2	4.9
October	1.0	.4	.7	.3	2.4
November	2.7	.4	.7	.3	4.1
December	1.7	1.3	.8	.3	4.1
1955—January	3.1	.6	.7	.5	4.9
February	3.8	.5	.8	.3	5.4
March	1.7	7.1	.8	−.5	9.1
April	3.4	.7	.8	−.5	4.4
May	3.4	.4	.8	.1	4.7
June	2.7	6.7	.8	.3	10.5
Total	30.3	20.3	9.2	1.7	61.5
1954 actual	32.4	21.5	10.0	.7	64.6

[1] Estimates are based on the January 1954 budget document except that they allow for reduced receipts of about $1.2 billion because of the Excise Tax Reduction Act of 1954; monthly distribution gives effect to proposed Apr. 15 filing date for individuals.

Source: Office of the Secretary of the Treasury, July 20, 1954.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. LANGER. What does the Senator mean by temporarily increasing the debt? Either we increase the debt or we do not increase it.

Mr. BYRD. It means that by June 30, 1955, the administration will have to pay it back, which it can do with the revenues it will have coming in. That will restore the debt limit.

Mr. LANGER. What is the difference between increasing it this time and raising it the last time? We did not make a temporary increase the last time.

Mr. BYRD. Of course, we have had a deficit of $3 billion since the last time we increased it. The Government is $3 billion worse off than it was a year ago.

Furthermore, 4 years ago we adopted a plan whereby we gradually collected the revenues from corporations in the first 6 months of the year, instead of having them collected in regular quarterly payments. Now we are collecting $17 billion more in the first 6 months than we are collecting in the last 6 months. The expenditures are nearly on an equal monthly basis. That situation will create a dip for about 4 months, which I explained, in the month beginning December 15, and ending March 15, whereby there would not be sufficient funds in the Treasury to pay the bills due in that period of time. When the funds come in later, we shall end this fiscal year with a balance of $6 billion, without any increase whatever in the public debt.

Mr. LANGER. On July 1, would the debt limit be $275 billion?

Mr. BYRD. Yes; unless Congress should take further action it would be $275 billion. The Treasury does not question the fact that it will have sufficient funds on hand at that time to pay the additional $6 billion, because, according to its own statement, it will have $6 billion on hand without any increase whatsoever in the debt.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BUSH. Mr. President, I have heard the distinguished Senator from Virginia many times in the past 25 years in connection with this and related matters, and during those years I have read his statements on these very important subjects. I do not believe I have ever heard him make such an incisive, conclusive argument on the subject of Federal fiscal affairs as he has made to the Senate this afternoon. I wish it could be printed in every newspaper in the United States and be placed in every school in some form. Certainly it should be made available so that the American people could read the fundamentals which he has so clearly and forcefully outlined for the benefit of the Senate and for the benefit of the country. In his argument he has come to grips with one of the most important and difficult subjects that can arrest the attention of the Congress of the United States. He has done it in such a manner as literally to outdo himself. I wish to congratulate the Senator from Virginia heartily upon his remarkable, clear, and incisive analysis of the situation.

Also, Mr. President, I am one Senator, among many I am sure, who is grateful to the distinguished and able chairman of the Finance Committee, and to the Finance Committee itself, for bringing before the Senate a solution to the problem which we can accept with perhaps some grace. It is a very, very difficult problem.

I am completely in accord with the Senator from Virginia in hoping that when we get to this point next year, we will have so recaptured control of our spending that we will not have to deal with a similar situation then or at anytime while I am in the Senate of the United States.

I also agree with what he said about the Secretary of the Treasury, the Honorable George Humphrey. As I have said heretofore in the Senate, I believe that probably no other man in the United States is better qualified to deal with these problems than is the Honorable George Humphrey. He has been confronted with a most difficult situation. He does not like to recommend an increase in the debt limit. He has had to do so because of the actions of the Congress of the United States.

Again I congratulate the able Senator from Virginia. I think he made a remarkably fine presentation, and I am very glad I was in the Chamber to hear it.

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. DANIEL. I wish also to congratulate the Senator from Virginia. I have followed him throughout the years. In offering myself as a candidate for the office of Senator, one pledge I made was that, short of total war, I would not vote to increase the total national debt nor would I vote to raise the debt ceiling. I do not believe I can vote for even this temporary increase, but the Senator

from Virginia is certainly entitled to the praise and congratulations of the Senate for having worked out this plan for a temporary increase. Otherwise, I fear that we would be faced on the floor this afternoon with a sizable permanent increase in our national debt limit. I appreciate the work the Senator has done. I join with him in his remarks and his hope that we will start trimming our spending or at least fitting it to our income, as so many other countries of the world are doing.

I heard the figures of the national debt of the other nations stated by the Senator. I believe the last figures I saw of the national debts of all the other nations of the world show that we owe more money than all the other nations of the world combined. Is that correct?

My BYRD. That may be true. I have the figures for the 12 nations of Europe, and we owe more than 2½ times as much as those 12 nations of Europe.

Mr. LENNON. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. LENNON. I am sure the people of America were grateful to the distinguished senior Senator from Virginia [Mr. BYRD] and to the full Finance Committee when last summer they successfully resisted the pressure of the Secretary of the Treasury and the Director of the Budget in their efforts to increase the national debt limit from $275 billion to $290 billion. I believe every Member of the Senate today, as well as the people of America generally, share the view expressed by the distinguished senior Senator from Virginia to the effect that if we had raised the national debt limit to $290 billion last summer, very likely we would now be called upon to raise it again.

Like so many of my colleagues, I subscribe to the position that the departments, agencies, and bureaus of the Government will have come before the Congress next January with a longer and keener sight if they have any idea that Congress will increase their appropriations.

I want the Senate and the people of America to know that I am disappointed that it is necessary for the Committee on Finance to come to this necessary conclusion.

In the light of the fact that the Secretary of the Treasury and the Director of the Budget represented to the committee last summer that it was absolutely essential that the debt limit be raised from $275 billion to $290 billion, and that failure to do so would make it impossible for the Government to meet its current obligations, I wonder if now we are not faced with the same situation. I ask the distinguished Senator from Virginia this question: If the representation was made last summer that if the national debt limit were not increased by $15 billion we could not meet our current obligations, is it not likely that again a representation is being made to us to the effect that we shall not be able to meet our current obligations unless we raise the national-debt limit on a temporary basis by $6 billion?

Mr. BYRD. The situation is different in at least three respects. In the first place, we are $3 billion worse off than we were a year ago, because we have a $3 billion deficit in the year that ended last June 30. Therefore, our balance is $3 billion less than it was last year.

Secondly, under the so-called Mills plan corporate taxes in the July–December half of the year will be less again this year. And in the third place tax rates have been reduced.

Mr. LENNON. I am satisfied with the explanation of the distinguished Senator from Virginia. Considering his great knowledge of the fiscal affairs of the Nation, which I think exceeds that of many persons connected with Government today, if he is satisfied that we cannot escape raising the national-debt limit even on a temporary basis, I feel compelled to go along and vote with the senior Senator from Virginia.

Mr. BYRD. I think it is a close question. It is possible that Government agencies could effect further economies, thereby making the proposed increase in the debt limit unnecessary. Last August, in his appearance before our committee, as members of the Finance Committee know, Mr. Humphrey said that if he could not pay his bills there would be a panic. The result was that we did not increase the debt, and expenses were reduced by $6 billion, as compared with the previous year.

Now it is estimated that on January 15 the borrowing authority and the cash balance will be exhausted with a deficiency of $2 billion still remaining. Under these circumstances I felt we could not take such a risk. It would be a very unfortunate thing if at any time this country could not pay its current bills.

This is the first time in the history of the country that the statutory debt limit has been raised temporarily and it is with the understanding that economies must be achieved in the next year. Next year, under the new tax bill, the so-called Mills plan will be reversed. Corporations will be compelled to estimate their earnings in advance and beginning in September 1955 they will begin paying taxes on the estimate. Gradually the inequality of corporate tax collections will be wiped out. Senators can see from this statement I have presented where the inequality exists, assuming the statement is correct. There is a $2 billion deficiency on January 15. Yet on June 30 there is $6 billion in borrowing authority and cash on hand. This shows the inequality with which the revenue comes into the Treasury. Revenue comes in at an unequal monthly rate, but expenditures are on practically an equal monthly rate basis.

It is for that reason that the Senator from Virginia very reluctantly reached the conclusion that to be safe we had better grant this temporary increase, with the understanding that we expect the Treasury, the administration, and all the departments to reduce expenses sufficiently to make it unnecessary to renew this temporary increase in the debt limit.

Expenses were reduced $6 billion in fiscal 1954 as compared with fiscal 1953. I am speaking of actual expenditures. In my comparisons I have gotten away from talking about estimates because they do not mean anything. The administration reduced actual expenditures in 1954, compared with 1953, by $6 billion, and I compliment them for so doing. They can reduce expenditures another $6 billion in the coming year if they have to, but they cannot do it all at once.

I think this action should cause the administration to understand that Congress expects it not to ask for a renewal of this $6 billion. If it should be requested, I think the request ought to be very carefully scrutinized and not granted unless we are compelled to do so.

Mr. LENNON. I thank the senior Senator from Virginia, and I express the hope that the resolution which was introduced by the Senator from Virginia and the senior Senator from New Hampshire, which sets a balanced budget as a goal, will claim the attention of the Senate next year.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. BYRD. I yield to the Senator from Pennsylvania.

Mr. MARTIN. Mr. President, I think the Senate is most appreciative of the very clear statements made by the distinguished chairman of the Finance Committee [Mr. MILLIKIN], and the very distinguished senior Senator from Virginia [Mr. BYRD].

I am most reluctant to vote to raise the debt ceiling, but I think the plan which has been evolved is a sound one, and should be adopted by the Senate. However, I should like to impress upon the Members of the Senate the fact that unless we cut appropriations for the next fiscal year, or increase taxes, it will be necessary at this time next year to increase the debt ceiling. I think it is a responsibility of the American Congress. We should see that the budget is balanced, and there is no way to do that except by cutting expenditures or increasing taxes.

I have no questions to ask of the distinguished Senator, for I think the two statements which have been made are very clear. I desire to conclude by expressing the view that the people of the United States are most fortunate to have on the Senate Finance Committee men of the ability and the courage of the junior Senator from Colorado [Mr. MILLIKIN], the senior Senator from Georgia [Mr. GEORGE], and the senior Senator from Virginia [Mr. BYRD].

Mr. GEORGE. Mr. President, I, too, hope that this is only a temporary increase in the debt limit, but I do not think we can be too optimistic about it. The Secretary of the Treasury, I believe, stated as the basic recommendation to the committee that he could get along with an increase in the limit of $5 billion and an additional $5 billion on a temporary basis. That is $5 billion as a permanent increase, making the debt limit $280 billion, with a temporary increase of $5 billion to be liquidated at the end of this fiscal year, or at the beginning of another fiscal year.

We must not forget, Mr. President, that even if the Congress cuts down appropriations, the capacity to spend is

still present and the ability to spend is still present if, through taxation or borrowing, the money can be obtained to spend. That is true because of the enormous carryover of unexpended balances.

The unexpended balances are now $60 billion. I thought they were a little above $60 billion, and the distinguished Senator from Virginia has stated they are about $60 billion. That is an enormous carryover, and, even if Congress did not appropriate any money next year for any purpose, and we could reapportion the $60 billion already authorized, and already appropriated but not actually in hand, we would spend our total income in that year. That is because our income is not going to be so great as it was in the last fiscal year. That is something I wanted to emphasize at this time. The Government's income is already down. As a matter of fact, some of the large and powerful corporations of the country have shown enormous profits, but corporations as a whole are showing some $2 billion less profits up to this time, taxwise. That is a minus $2 billion when they are grouped altogether.

I have great respect for the Secretary of the Treasury and I have great confidence in his judgment. The Secretary of the Treasury was of the opinion that by the end of this fiscal year, the down trend in corporate earnings would not indicate so great a Treasury loss, but would probably be increased by $1 billion, or perhaps $1½ billion. However, at the present time total corporate earnings show a loss as compared with earnings on which corporations paid taxes last year.

Another thing must be borne in mind. Under the changes recently made by Congress in our tax laws the corporate rate will drop next April 1 from 52 percent to 47 percent. That of itself represents a considerable loss to the Treasury. From my own experience in handling tax matters, I would say that it is going to be very difficult to avoid further reductions in many of the excise taxes during the next year. The problem will be to avoid by tax reductions a further loss of revenue and likewise to continue the high corporate rate of 52 percent beyond next April. Unless that rate is continued, or some additional taxes are levied to make up for the Treasury loss of about $2 billion, we will have a very much reduced chance of retiring or reducing this temporary increase in the debt limit by paying off the $6 billion, or so much of it as may be borrowed, at the end of the current fiscal year.

I merely point out those two facts. Regardless of how deeply we cut appropriations, the unexpended balances afford a ready opportunity for the expenditure of money, and it is necessary to look to what the Government is taking in and what it is spending. If the spending is not cut further, we will be called on, I am sure, at the end of this fiscal year, to increase the debt limit again.

I do not think, however, we can blink at the fact that we must maintain the credit of the United States. While we most regretfully must increase the debt limit, at the same time we have only two options. One option is to do so, and the other is to levy new taxes which will bring in new revenue, and this is not a very good time to levy new taxes on the American people.

With all the reductions which have been made, tax rates are still very high. I think the Secretary of the Treasury was correct when he said that, in his judgment, over a long period of time the American people could not continue to pay the present high Federal taxes, plus all the other taxes which they must pay, without hurting business. But we must reduce expenditures as much as we possibly can. We would be very sensible and very well advised to cut appropriations more deeply than we have cut them even during the past 18 months. If those things are not done, and if the revenue which comes in from taxes is not maintained at its present level, and next April reductions are not made as contemplated in existing law, or, if made, and new taxes are not found to take up that loss, we shall unquestionably be faced with a request for an increase in the debt limit again next year.

We must maintain the credit of the United States. I do not feel that the Secretary's recommendation of a $5 billion permanent increase with a $5 billion temporary increase on the basis of 5 and 1, as is now recommended, would have been too far out of line. But I have a strong feeling that the Treasury will be able to get through this year in a fairly comfortable position throughout the year. Therefore, I think there is nothing we can do except to vote for this increase.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to provide for a temporary increase in the public debt limit."

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. MILLIKIN obtained the floor.

Mr. MARTIN. Mr. President, will the Senator from Colorado yield for a unanimous-consent request?

Mr. MILLIKIN. I yield.

RECLASSIFICATION OF DICTOPHONES IN THE TARIFF ACT OF 1930—MOTION FOR RECONSIDERATION

Mr. MARTIN. Mr. President, I ask unanimous consent to return to Calendar No. 2001, House bill 8932, to reclassify dictophones in the Tariff Act of 1930. This bill was passed on the call of the calendar a day or two ago.

Mr. HUMPHREY. Mr. President, reserving the right to object, as I understand the request of the Senator from Pennsylvania, it is with reference to my motion to call back from the House H. R. 8932; is that correct?

Mr. MARTIN. That is correct.

Mr. HUMPHREY. As of last night I requested that the Senate seek the return of the bill which had been before the Senate. I have no objection to the request of the Senator from Pennsylvania. We have discussed the matter, and I would appreciate it if the Senator would explain what we have agreed to and what seems to be a clarification of the purpose of the bill.

Mr. MARTIN. Mr. President, this proposed legislation was intended originally and is now intended to cover only the granite imported for the Iwo Jima statue paid for by contributions from Marine veterans.

The only reason the language did not specifically mention the Iwo Jima monument was the objection from Government Departments to specific legislation for particular projects or industries. They said it was a bad precedent and difficult to administer and it was at their suggestion that we drafted the bill in a general manner to cover this particular thing.

By putting the specific deadline of January 1, 1955, we have definitely limited the operation of the bill to this monument alone, because the bill states that the project using the granite must be the result of a Federal law for specific monuments on Federal property only. There is no other law on the books or pending before Congress for the erection of any other monument on Federal property, and so January 1 is a very safe date and is much easier for the Treasury Department to administer because it comes at the end of a calendar and statistical year.

The bill cannot apply to any but the Iwo Jima monument and does not need any changes to accomplish that purpose.

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. HUMPHREY. With that legislative history, there is now no difficulty as to the removal of the duty on the granite which will be imported. The removal of the tariff duty is for this one particular monument which has been described by the Senator from Pennsylvania. It will not permit the general movement of granite into the country up until January 1 for other purposes; is that correct?

Mr. MARTIN. The Senator is absolutely correct. The monument must be erected on Federal property.

Mr. HUMPHREY. In this instance, it is for the Iwo Jima monument specifically.

Mr. MARTIN. That is correct. The Senator will recall that it is a monument representing a group of marines raising the flag on the island of Iwo Jima.

Mr. HUMPHREY. I think it is a most worthy enterprise. As I said to the Senator from Pennsylvania, there had been a request from my State because we are very proud of our black granite in Minnesota, and we make note of the fact that it was used in the Jefferson Memorial. Of course, we are always happy to have our granite used in any memorial which may be constructed in this country.

The PRESIDING OFFICER. Does the Chair correctly understand that either of the Senators is asking unanimous consent to withdraw the motion which was made last night?

Mr. HUMPHREY. I ask unanimous consent to withdraw the motion.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, we are all appreciative of the many marines who have contributed to make this monument possible.

Mr. MARTIN. Mr. President, I thank the Senator from Minnesota for his cooperation.

Mr. HUMPHREY. It is always a pleasure to work with the Senator from Pennsylvania.

COMPENSATION OF HOLDERS OF CONTRACTS FOR PERFORMANCE OF MAIL-MESSENGER SERVICE

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 2263) to authorize the Postmaster General to readjust the compensation of holders of contracts for the performance of mail-messenger service, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CARLSON. Mr. President, I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CARLSON, Mr. DUFF, and Mr. JOHNSTON of South Carolina conferees on the part of the Senate.

OBSERVANCE OF PHILIPPINE-AMERICAN DAY

Mr. LEHMAN. Mr. President, today marks 55 years of close association between the United States and our great friend and ally, the Philippine Republic. I have prepared a statement with regard to this very important, historic day which we are now observing. I ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

Today throughout the length and breadth of the Philippine Republic Philippine-American Day is being observed. The President of the Philippines, Mr. Ramon Magsaysay, is leading his 20 million countrymen in tribute to the 55 years of association which witnessed the United States come to the Philippines as a conqueror, remain as an educator, and leave as a liberator.

In 1898 and 1899 American forces landed in Manila, having reduced the Spanish garrison there. At that time the Filipino people, who had been fighting for their independence against Spain, turned against us when it was ascertained that we came at that time not as liberators but as occupiers.

The American forces pacified the Filipino insurgents—the rebels of that day. That is to say, we overcame them by force. That was the day when President William McKinley decided that it was the "manifest destiny" of the United States to become a colonial power and to bear our share of what Rudyard Kipling described as the "white man's burden."

That semi-imperialist concept did not reflect the spirit of the American people. Only a decade thereafter, with the election of Woodrow Wilson as President of the United States, a pledge of eventual independence was given to the Filipino people. That pledge was redeemed under the next Democratic President of the United States, Franklin D. Roosevelt, with the passage of the Tydings-McDuffie Act in 1934. That pledge was fulfilled on July 4, 1946, when the American flag—the flag of American sovereignty—was hauled down and the red, white, blue, and yellow flag of the Philippine Republic was raised in its place.

But from the very beginning of the occupation of the Philippines the American spirit was reflected in a policy which first startled and then won the hearts of the Filipino people.

Within weeks after the American flag had been raised in the Philippines an American ship arrived in Manila Harbor loaded, not with troops or supplies but with schoolteachers, sent to man, not barricades but schools which were newly established in every part and section of the Philippine Islands; and William Howard Taft, who as Governor General called the Filipinos "our little brown brothers," laid the groundwork for an intimate relationship between the American and Filipino people which was to grow warmer and closer with the passage of the years. Although the policy of that period was imperialistic, it was warm, benevolent, and enlightened.

For many years August 13 was observed in the Philippines as Occupation Day. It celebrated the arrival of the American forces. This year it was proclaimed by President Magsaysay as Philippine-American Day. A free and sovereign country does not observe or celebrate the anniversary of its occupation by a foreign power, however benign and beneficent. But we Americans may take real pride in the fact that this date has not been forgotten by the Filipino people or by their leaders. Instead, it has been converted into a day for the celebration of Philippine-American amity, for the observance of the common traditions and common values which both the Filipino and the American people hold and cherish.

I trust, on our part, in taking note of this day we in the Senate and in the country at large will resolve never to forget the special relationship we have with the Filipino people and with the Philippine Republic, a relationship as close as that which we have with any other nation of the world. We must never forget Bataan and Corregidor and the battles which the Filipino people fought for our cause, for the restoration of American sovereignty, even after the American flag had been hauled down in defeat.

I hope I may be speaking for the entire Senate in extending to President Magsaysay, of the Philippine Republic, and to the Filipino people the heartfelt regards and affectionate good wishes of the Senate of the United States.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, H. R. 9366, as amended by the Committee on Finance, is designed to improve the old-age and survivors insurance system—the system which President Eisenhower has called "the cornerstone of the Government's programs to promote the economic security of the individual."

In his message to Congress of January 14, 1954, the President recommended the expansion and improvement of old-age and survivors insurance and the preservation of the basic principles of the system. He cited two principles as the most important. These are:

First. The contributory aspect of the system under which the worker and his employer make payments during the years of active work, and

Second. The benefits received are related in part to the individual's earnings.

The provisions of the pending bill follow the President's recommendations.

Contributory social insurance continues to be basic in our governmental system for affording protection against the economic hazards resulting from old age and premature death. In my opinion, it is in the public interest for us to expand and improve the existing program which has been in operation since 1937.

Currently about 6½ million individuals—more than 5 million of whom are past 65 years of age—are on the benefit rolls. Studies conducted by the Bureau of Old-Age and Survivors Insurance indicate that a vast majority of the beneficiaries depend upon their monthly old-age and survivors insurance benefits to meet their day-by-day living expenses. If it were not for the contributory social insurance system, many of these beneficiaries would have to turn to public assistance for at least part of their bread and butter, shelter, and health needs.

In 1950 when I supported the 1950 Social Security Act amendments, I said:

History shows that as a nation becomes predominantly industrial, less and less security for more and more people is to be found in the cellar. The close ties of most people in less complicated agrarian economies with

the protection and sustaining power of the land are severed and security must be found in the pay envelope, in the ability of the worker to buy his security from that which is in his pay envelope, and which by the nature of his employment in industrial areas cannot be found in the cellar.

Perfectionist theories for preserving individual security are shattered as to millions of people away from the land, due to the preventable and unpreventable disasters to payrolls caused by cyclical swings and numerous types of maladjustment in the economy, and often due to plain human frailty or catastrophic personal tragedies—all beyond the cure of lectures and stern admonitions by our Spartanists. The wide-scale junking of workers in mass-production industries even before middle age has been reached may prove too much even for the most rugged of the rugged individualists.

There are several principal reasons which justify our support of the contributory social insurance system. The reasons include:

Benefits are provided as a matter of right without a means test—a test which I have always disliked.

The cost is met by the production of the worker and his employer through the payroll tax or, if he is self-employed, the self-employment tax, and thus assuring a continuing interest in the program on the part of management, labor, and the general public.

The enactment of H. R. 9366 would improve old-age and survivors insurance so that in most respects the system would afford the protection recommended by the Advisory Council on Social Security to the Committee on Finance, appointed in 1947 pursuant to a Senate resolution adopted by the 80th Congress. This resolution was sponsored jointly by the senior Senator from Georgia and by the junior Senator from Colorado, and it directed the Senate Finance Committee "to make a full and complete investigation of old-age and survivors insurance and all other aspects of the existing social-security system particularly in respect to coverage, benefits, and taxes relative thereof."

The Council consisted of 17 men and women of high standing, broad experience, and especially qualified to protect the interests of the worker, employer, and the public. The late Edward R. Stettinius, Jr., then rector of the University of Virginia and formerly Secretary of State, was the chairman, and Dr. Sumner H. Slichter, Lamont University professor, was the cochairman.

The findings and recommendations of the Advisory Council were very helpful to your committee in formulating the 1950 Social Security Act amendments. Again this year, in determining policy decisions before the committee, in connection with the pending bill, the findings of the Council were taken into consideration. I am happy to state that the pending bill, along with the 1950 social security amendments, would carry out nearly all the recommendations made by the Council regarding old-age and survivors insurance. The major omission in the bill, when measured against the old-age insurance program recommended by the Council, relates to coverage.

Farm operators and the self-employed members of the professions excluded under present law would not be covered by H. R. 9366. In considering the extension of coverage to additional groups, your committee was guided by both the administrative feasibility of coverage and the wishes of the members of these groups as expressed by their spokesmen in testimony before the committee. Your committee found that there was a division of opinion among farm operators and the professional self-employed.

In the interest of securing as broad coverage as possible under the program, consideration was given to the possibility of allowing individuals working in such occupations to elect coverage on a voluntary basis. In this way the problem of diverse opinion on entrance into the program could have been resolved. Your committee concluded, however, that extension of coverage on an individual voluntary basis involved grave dangers with respect to the financing of the system, as well as discrimination against the great majority of workers covered under the program on a compulsory basis. Therefore when the committee found that substantial agreement did not exist among representatives of farmers and self-employed professionals as to whether they desired to be covered, the committee concluded that it would be wiser to continue the exclusion of these groups rather than allow the election of coverage as to individuals.

The old-age and survivors insurance system contains benefit provisions which allow for the payment of benefits in individual cases that are considerably in excess of the value of the contributions paid. Thus workers retiring in the early years after their coverage under the program started are permitted to draw full-rate benefits on the basis of a short period of work and contributions. Also, the survivors' insurance protection to individuals with large families is especially valuable. These provisions are necessary to the effective fulfillment of the purposes of the system in preventing dependency. They would, however, make the program vulnerable to adverse selection if coverage were to be made available on the basis of individual choice. Those who would elect coverage under a voluntary option are primarily those who could expect the largest return for a relatively small contribution. The deficit in their contributions would have to be made up by increasing the contribution rate for the covered groups as a whole. The result would be that those who are compulsorily covered along with their employers would have to bear a large part of the cost of the difference between what the select group pays and what it receives.

Your committee is convinced that the compulsory character of the system must be preserved, and that in the absence of overriding considerations of a special character, as is present in the case of members of the clergy, any extension of coverage must be on a mandatory basis with respect to individuals.

There are many provisions in the pending bill which I should like to discuss in detail and emphasize their importance for the economic security of American families. However, in order to conserve time, and as each Member of the Senate has not only been furnished the committee report—No. 1987—which consists of 183 pages, but also a document entitled "Major Differences in the Present Social Security Law and H. R. 9366 as Reported by the Committee on Finance," I shall summarize the principal provisions in the bill.

The provisions relating to old-age and survivors insurance would broaden coverage, bring benefits more in line with present-day price and wage levels, prevent reduction in benefits for workers who because of total disability cannot continue to work, and liberalize the existing retirement test so as to allow beneficiaries greater freedom to accept part-time or seasonal employment.

In summary the principal old-age and survivors' insurance provisions are:

First. Extension of coverage: Old-age and survivors' insurance coverage would be afforded to approximately 7 million persons who work during the course of a year in jobs now excluded from the program. The groups brought into the program under the bill are as follows:

(a) Employees of State and local governments who are covered by State and local retirement systems, other than policemen and firemen, under voluntary agreements between the State and the Federal Government, if a majority of the members of the system vote in a referendum in favor of coverage. There are about 3.5 million of those persons.

(b) Farmworkers who are paid at least $50 in cash wages by one employer in a calendar quarter. There are about 2.6 million of those persons.

(c) Domestic workers in private homes (and others who perform work not in the course of the employer's trade or business) who are paid $50 in cash wages by an employer in a calendar quarter, regardless of the 24-day test required in the present law. There are about 250,000 persons in that category.

(d) Ministers and members of religious orders, whether self-employed or employees, if they elect individually for coverage as self-employed persons. There are about 260,000 of those persons.

That is the group to which I referred a while ago, who labor under special circumstances, which caused the committee to feel that they should be considered a justified exception.

(e) American citizens employed outside the United States by foreign subsidiaries of American companies. Under voluntary agreements between the Federal Government and the parent American concern there are about 100,000 citizens affected by this provision.

(f) Homeworkers who are now excluded from coverage as employees—whether or not they are now covered as self-employed persons—because their services are not subject to State licensing laws. There are about 100,000 of those persons.

(g) Employees engaged in fishing and related activities, on vessels of 10 net tons or less or on shore. There are about 50,000 persons affected by this provision.

(h) American citizens employed by American employers on vessels and aircraft of foreign registry. There is a very small number of those.

Second. Computation of average monthly wage: Up to 5 years in which earnings were lowest or nonexistent could be dropped from the computation of the average monthly wage.

Third. Earnings base: The total annual earnings on which benefits would be computed and contributions paid would be raised from $3,600 to $4,200.

Fourth. Increase in benefits: (a) More than 6.5 million persons now on the benefit rolls would have their benefits increased. The average increase for retired workers would be about $6 a month with proportionate increases for dependents and survivors. The range in primary insurance amounts for those now on the rolls would be $30 to $98.50 as compared to $25 to $85 under present law.

(b) Persons who retire or die in the future would, in general, have their benefits computed by the following new formula: 55 percent of the first $110 of average monthly wage, rather than $100 as in the present law, plus 20 percent of the next $240, rather than 15 percent of the next $200. Under this formula, the maximum monthly benefit for a retired worker would be $108.50 and $54.25 for his aged wife, or a total of $162.75.

(c) The maximum monthly family benefit of $168.75 would be increased to $200.

(d) The minimum monthly benefit amount for a retired worker would be $30, and the minimum amount payable where only one survivor is entitled to benefits on the deceased insured person's earnings, would be $30.

Fifth. Limitation on earnings of beneficiaries: The earnings limitation would be removed at age 72. For beneficiaries under age 72 the earnings limitation would be made the same for wage earners and self-employed persons. A beneficiary could earn as much as $1,200 in a year from covered work without loss of benefits. He would lose 1 month's benefit for each unit of $80, or fraction thereof, of covered earnings in excess of $1,200, but in no case would he lose benefits for months in which he neither earned more than $80 in wages nor rendered substantial services in self-employment.

Mr. MORSE. Mr. President, will the Senator yield for a question at that point?

Mr. MILLIKIN. I yield.

Mr. MORSE. What does that represent by way of a change from the previous provisions?

Mr. MILLIKIN. At the present time, the age limit is 75. This brings the age limit down to 72.

Mr. MORSE. What is the change as to the amount?

Mr. MILLIKIN. As to the amount it is $75 a month, which is the key amount.

A beneficiary could earn as much as $1,200 a year from covered work without loss of benefits. He would lose 1 month's benefit for each unit of $80 or fraction thereof of covered earnings in excess of $1,200. In other words, he could earn up to $1,200.

Mr. MORSE. That is the new provision?

Mr. MILLIKIN. Yes.

Mr. MORSE. In contrast to the old provision.

Mr. MILLIKIN. $75 is the present law. Thank you, sir.

Mr. MORSE. Thank you.

Mr. MILLIKIN. Beneficiaries engaged in noncovered work outside the United States would have their benefits withheld for any month in which they worked on 7 or more days.

Sixth. Eligibility for benefits: (a) As an alternative to the present requirements for fully insured status, an individual would be fully insured if all the quarters elapsing after 1954 and up to the quarter of his death or attainment of age 65 were quarters of coverage, provided he had at least 6 quarters of coverage after 1954.

Seventh. Preservation of benfit rights for disabled: The period during which an individual was under an extended total disability would be excluded in determining his insured status and the amount of benefits payable to him upon retirement or to his survivors in the event of his death. Only disabilities lasting more than 6 months would be taken into account. Determinations of disabilities generally would be made by State vocational rehabilitation agencies or other appropriate State agencies pursuant to agreements with the Secretary of Health, Education, and Welfare.

Eighth. Recomputation of benefits for work after entitlement: An individual may have his benefit recomputed to take into account additional earnings after entitlement if he has covered earnings of more than $1,200 in a calendar year after 1953 and after the year in which his benefit was last computed.

Ninth. Contribution rates: Employers and employees will continue to share equally, with the rates on each being as follows:

Calendar years:	*Rate (percent)*
1954–59	2
1960–64	2½
1965–69	3
1970–74	3½
1975 and after	4

The self-employed would pay 1½ times the above rates.

Although the pending bill relates primarily to the old-age and survivors program your committee has not been unmindful of the needs of the recipients of the State-Federal public assistance programs.

The bill extends through September 30, 1956, the provisions of the 1952 amendments—presently scheduled to expire on September 30, 1954—with respect to Federal payments to States for public-assistance programs.

That relates, in a word, to what we call the McFarland amendment.

Until that date, the Federal share in old-age assistance, aid to the blind, and aid to the permanently and totally disabled will continue to be four-fifths of the first $25 of a State's average monthly payment per recipient, plus one-half of the remainder, within individual maximums of $55. For aid to dependent children the Federal share will be four-fifths of the first $15 of a State's average monthly payment per recipient, plus one-half of the remainder within individual maximums of $30 for the adult, $30 for the first child, and $21 for each additional child in a family.

In making this recommendation for the State-Federal public assistance programs your committee was of the opinion that by September 30, 1956, sufficient time would elapse to enable the Congress to give consideration to basic amendments in the Federal matching formulas.

The cost of continuing the increased Federal payments is about $400 million for the 24-month period.

By having the Federal Government continue to provide the extra Federal matching initiated in 1952, the States should be able to meet adequately the needs of State-Federal public assistance recipients. I should like to remind my colleagues that the liberalizations contained in the provisions in the bill relating to the old-age and survivors insurance will decrease the number of individuals who will require public assistance payments.

I urge the adoption of the measure before us.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as amended be considered as the original text, for the purpose of further amendment.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 3, line 7, after the word "calendar" to strike out "year" and insert "quarter"; at the beginning of line 9, to strike out "year" and insert "quarter"; in line 10, after the word "than" to strike out "$200" and insert "$50"; after line 12, to insert:

"(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;"

At the beginning of line 17, to strike out "(1)" and insert "(B)"; on page 4, after line 17, to strike out:

"CERTAIN FEDERAL EMPLOYEES

"(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

"(A) by inserting 'by an individual' after 'Service performed', and by inserting 'and if such service is covered by a retirement system established by such instrumentality;' after 'December 31, 1950,';

"(B) by inserting 'a Federal Home Loan Bank,' after 'a Federal Reserve Bank,' in clause (ii); and

"(C) by striking out 'or' at the end of clause (iii), by adding 'or' at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"'(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;'.

"(2) Subparagraph (C) of such paragraph is amended to read as follows:

"'(C) Service performed in the employ of the United States or in the employ of any

instrumentality of the United States, if such service is performed—

"'(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"'(ii) in the legislative branch;

"'(iii) in a penal institution of the United States by an inmate thereof;

"'(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"'(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"'(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);'.

"(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: 'The provisions of pargraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality.'

"MINISTERS

"(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"'(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (l) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"'(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (l) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;'.

"(2) Section 211 (c) of such Act is amended by striking out paragraph (4).

"(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this Act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections."

At the top of page 9, to insert:

"MINISTERS

"(c) (1) Paragraph (2) of subsection (c) of section 211 of the Social Security Act is amended by inserting 'and other than service described in paragraph (4) of this subsection' after 'eighteen'.

"(2) Such subsection is further amended by adding at the end thereof the following new sentence: 'The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect.' "

At the beginning of line 15, to strike out "(e)" and insert "(d)"; at the beginning of line 21, to strike out "(f)" and insert "(e)"; at the top of page 10, to strike out:

"FARMERS AND PROFESSIONAL SELF-EMPLOYED

"(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: 'In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.'

"(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"'(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;'.

"(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out 'cutting or disposal of timber' and inserting in lieu thereof 'cutting of timber, or the disposal of timber or coal,'.

"(4) Section 211 (c) of such Act is amended by striking out paragraph (5), by inserting 'or' at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"'(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership.' "

At the top of page 12, to insert:

"COAL ROYALTIES

"(f) Paragraph (4) of section 211 (a) of the Social Security Act is amended by striking out 'cutting or disposal of timber' and inserting in lieu thereof 'cutting of timber, or the disposal of timber or coal,'."

At the beginning of line 8, to strike out "(h)" and insert "(g)"; in line 9, after the word "Exclusion" to strike out "Of" and insert "of"; in line 10, after the word "by" to strike out "striking out 'on the date such agreement is made applicable to such coverage group' and inserting in lieu thereof 'either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of the enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A)).' " and insert "adding at the end thereof the following sentence:"; in line 22, after the amendment just above stated, to strike out "The" and insert " 'The"; on page 13, line 5, to strike out " 'system'." and insert 'system.' "; after line 5, to insert:

"(B) Such section 218 (d) is amended by striking out 'on the date such agreement is made applicable to such coverage group' and inserting in lieu thereof 'either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))'."

On page 14, line 19, after "(C)" to strike out "Ninety" and insert "Not less than ninety"; in line 23, after the word "him" to insert "and"; on page 15, at the beginning of line 1, to strike out "such referendum" and insert "favor of including service in such positions under an agreement under this section"; in line 2, after the amendment just above stated, to strike out the semicolon and "and"; after line 2, to strike out:

"'(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.' "

In line 24, after the word "after" to strike out "any prior" and insert "the last previous"; on page 17, line 19, after the word "to" to strike out "each political subdivision" and insert "any one or more of the political subdivisions"; in line 23, after the word "State" to insert "or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term 'institutions of higher learning' includes junior colleges and teachers' colleges.' " on page 21, line 19, after the

word "subsection", to insert "other than paragraph (1) (B)"; in the subhead beginning in line 21, after the word "Units" to insert "And Certain State Inspectors"; in line 23 to change the subsection letter from "(i)" to "(h)"; on page 22, after line 8, to insert:

"(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: 'For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group.'"

In line 22, to change the subsection number from "(2)" to "(3)"; on page 23, after line 5, to insert:

"CERTAIN EMPLOYEES OF THE STATE OF UTAH

"(i) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (g) (8) of this section) the following new subsection:

"'*Certain Employees of the State of Utah*

"'(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Tra ning School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950.'"

On page 24, at the beginning of line 20, to strike out "shall be deemed to have been imposed, but only for purposes of determining whether, on the basis of an application filed after the month in which this Act is enacted and prior to January 1, 1956, any person is entitled to a recomputation, under section 215 (f) of the Social Security Act, of the primary insurance amount of the individual who performed such services. For purposes of any such recomputation the individual who performed such services shall be deemed to have filed an application for recomputation in the month for which the last of the deductions is deemed to have been made under this paragraph, or in the first month thereafter (and prior to the month in which this Act is enacted) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under paragraph (1) or (2) of section 203 (b) of such Act, whichever results in a higher primary insurance amount for such individual. Any such recomputation shall be made as provided in the Social Security Act prior to the enactment of this Act, and shall be effective for and after the month in which the application referred to in the first sentence of this paragraph is filed. This paragraph shall not be applicable in the case of any such individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act prior to the month in which this Act is enacted." and insert "shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such Act as in effect prior to the enactment of this Act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

"(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this Act or as amended by this Act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

"(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

"(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such Act; or

"(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such Act; or

"(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this Act shall be applicable.

"Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954."

On page 28, line 4, to change the subsection number from "(2)" to "(3)"; in line 23, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; in line 24, after the word "Code" to insert "of 1954"; on page 29, line 1, after the word "section", to strike out "3797 (a)" and insert "7701"; in the same line, after the word "Code" to insert "of 1954"; in line 3, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; in line 4, after the word "Code" to insert "of 1954"; in line 7, after the word "by" to strike out "paragraph (3) of"; in line 8, after the word "subsection" to strike out "(g)" and insert "(f)"; at the beginning of line 10, to strike out "paragraphs (1), (2), and (4) of such subsection and by paragraph (2) of"; in line 11, after the word "subsection" to strike out "(d)" and insert "(c)"; in line 20, after the numerals "1954." to strike out "The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955."; in line 23, after the word "subsections" to insert "(g)"; on page 30, line 1, after the word "by" to strike out "paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d)" and insert "subsection (c) of this section"; in line 4, after the word "to" to insert "net earnings from"; in the same line, after "self-employment" to strike out "income"; in line 5, after the word "of" to insert "net earnings from"; in line 6, after "self-employment", to strike out "income"; in line 11, after the word "subsection" to insert "net earnings from"; in line 12, after "self-employment" to strike out "income"; in line 20, after the word "after" to strike out "the last date of the month following the month in which the Social Security Amendments of 1954 are enacted," and insert "August 1954"; in line 23, after the word "such" to strike out "day" and insert "month"; on page 32, line 5, after the word "computed" to insert "(including a computation after the application of paragraph (4))"; in line 12, after the word "higher" to strike out "average monthly wage" and insert "primary insurance amount"; in line 15, after the word "higher" to strike out "average monthly wage" and insert "primary insurance amount:"; on page 33, line 4, after the word "higher" to strike out "average monthly wage" and insert "primary insurance amount"; after line 7, to strike out:

"(2) Subsection (b) of such section is further amended by striking out paragraph (4) and inserting in lieu thereof the following new paragraph:"

And insert:

"(2) Paragraph (4) of such subsection (b) is amended to read as follows:"

In line 14, after the word "after" to strike out "the year in which occurs"; on page 34, line 3, after the word "who" to strike out "had" and insert "has" in line 4, after the word "coverage" to strike out "in the period ending with the calendar quarter preceding his closing date"; on page 36, line 13, after the word "and" to strike out "(ii)" and insert "(iii)"; on page 40, line 4, after "(3)" to strike out "(C)." and insert "(C); and"."; in line 5, after "(2)" to strike out "(A)"; at the beginning of line 14, to strike out "not less than $1,000" and insert "more than $1,200"; in line 15, after the numerals "1953" to insert "not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective)"; in line 22, after "(5)" to insert "(B)"; on page 41, after line 10, to strike out:

"'(B) Except as provided in subparagraph (C) a recomputation pursuant to subparagraph (A) shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) of this section, taking into account only such wages and self-employment income which would be taken into account under subsection (b) if the month in which he filed the application under subparagraph (A) were deemed to be the month in which he became entitled to old age insurance benefits, except that, of the provisions of paragraph (3) of such subsection, only the provisions of subparagraph (A) shall be applicable.'"

And insert:

"'(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though

the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable.'"

On page 42, after line 13, to strike out:

"'(C) If such recomputation is the first recomputation under subparagraph (A), such recomputation shall be made as though the individual first became entitled to old-age insurance benefits on the day he filed application for such recomputation. For purposes of this subparagraph a recomputation under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954 shall be deemed to be a recomputation under subparagraph (A) of this paragraph.'"

In line 25, at the beginning of the line, to insert "(3)"; on page 43, line 3, after the word "after" to strike out "the effective date" and insert "August, 1954"; in line 9, after the word "recomputed" to strike out "for the first time under" and insert "as provided in the first sentence of"; in line 10, after "(2)" to insert "(B)"; in line 11, after the word "after" to strike out "the effective date" and insert "August 1954"; on page 44, line 10, after the word "filed", to strike out "As used in this subparagraph and subparagraph (B), the term 'effective date' means the last day of the month following the month in which the Social Security Amendments of 1954 are enacted."; after line 13, to strike out:

"'(B) Upon application by a person entitled to monthly benefits or a lump sum death payment on the basis of the wages and self-employment income of an individual who died after the effective date and who, if he was entitled to an old-age insurance benefit before he died, would, upon the filing of an application in the month of his death, have been entitled to a recomputation of his primary insurance amount under subparagraph (A) of this paragraph, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he died or in which he filed his application for the last previous computation of his primary insurance amount under any provision of law referred to in clause (i), (ii), or (iii) of the first sentence of subparagraph (A), whichever first occurred.'"

And insert "In the case of an individual who dies after August 1954—

"'(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

"'(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred.'"

On page 48, line 15, after the word "therefor" to strike out "on or"; in the same line, after the word "before" to strike out "the effective date" and insert "September 1954"; on page 49, at the beginning of line 11, to insert "or if the individual died without filing the application for recomputation, the month in which he died"; in line 13, after the word "which" to strike out "the individual" and insert "he"; in line 14, after the word "benefits.", to strike out "Such" and insert "In the case of monthly benefits, such"; in line 17, after the word "filed" to insert "or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits."

On page 50, at the beginning of line 2, to strike out "the effective date" and insert "August 1954, or who died after such"; at the beginning of line 3, to strike out "and with respect to whom either less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or the twelfth month referred to in such subparagraph (A) occurred after the effective date, and

"(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act on the basis of an application filed after the effective date and with respect to whom less than six of the quarters elapsing after 1950 and prior to the day following the effective date are quarters of coverage or who did not attain the age of seventy-five prior to the date following the effective date" and insert "month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

"(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of seventy-five prior to September 1954," on page 51, line 18, after the word "recomputation" to insert "or, if he has died, in the month in which he dies"; in the same line, after the amendment just above stated, to strike out "Such" and insert "In the case of monthly benefits, such"; in line 21, after the word "filed" to insert "or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits." in line 24, after the amendment just above stated, to strike out "As used in this subparagraph and the succeeding subsections of this section, the 'effective date' is the last day of the month following the month in which this Act is enacted.

"(C) No individual shall be entitled to a recomputation under section 215 (f) (2) of the Social Security Act as in effect prior to the date of the enactment of this Act unless" and insert "An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this Act only if"; on page 53, line 5, after the word "his", to strike out "closing date shall be July 1, 1956, instead of the day specified in section 215 (b) (3) of such Act" and insert "primary insurance amount shall be computed by this Act, with a starting date of December 31, 1954, and a closing date of July 1, 1956"; on page 55, line 2, after the word "to" to strike out "the day following the effective date" and insert "September 1954"; in line 14, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 16, after the word "benefits" to insert "for months after August 1954, "; at the beginning of line 18 to insert "in the case of death after August 1954"; in line 21, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 22, after the word "after" to strike out "such effective date" and insert "August 1954"; on page 56, line 5, after the word "who" to strike out "files, after the effective date," and insert "files"; in line 8, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 10, after "(f)" to strike out "(7)" and insert "(6)"; in line 21, after the word "for" to strike out "the month in which the effective date occurs" and insert "August 1954"; on page 57, line 4, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 19, after the word "effective" to strike out "for and after the month in which the application therefor was filed by such individual or" and insert "(i) if the application is filed by such individual, for and after the twelfth month before the month in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's sixth quarter of coverage acquired after June 30, 1953, or (ii)"; on page 58, line 17, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 18, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 20, after the word "after" to strike out "the effective date" and insert "August 1954"; on page 59, line 9, after the word "after" to strike out "the effective date" and insert "August 1954"; in line 11, after the word "subsection" to strike out "(i)" and insert "(e)"; in line 12, after "(2)" to insert "of this subsection"; in line 15, after the word "Effective" to strike out "with the beginning of the second month following the month in which this Act is enacted" and insert "September 1, 1954"; in line 22, to strike out "the month following the month in which the Social Security Amendments of 1954 are enacted" and insert "August 1954"; on page 60, line 4, after the word "for" to strike out "the month in which the effective date occurs" and insert "August 1954"; on page 61, at the beginning of line 2, to strike out "the month in which the effective date occurs" and insert "August 1954"; in line 11, after the word "for" to strike out "the month in which the effective date occurs" and insert "August 1954"; in line 22, after the word "for" to

strike out "the month in which the effective date occurs" and insert "August 1954"; on page 62, line 17, after "(i)" to strike out "(1)"; on page 63, after line 3, to strike out:

"(2) The first sentence of subsection (i) of such section 202 is amended by inserting ', or an amount equal to $255, whichever is the smaller' after 'primary insurance amount.'"

On page 63, at the beginning of line 13, to strike out "seventy-five" and insert "seventy-two"; at the beginning of line 20, to strike out "seventy-five" and insert "seventy-two"; on page 64, line 3, after the word "of" to strike out "seventy-five" and insert "seventy-two"; in line 11, after the word "of" to strike out "seventy-five" and insert "seventy-two"; in line 24, after the word "than", to strike out "$1,000" and insert "$1,200"; on page 65, line 2, after the word "of" to strike out "one-twelfth of $1,000" and insert "$100"; in line 7, after the word "of" where it occurs the second time, to strike out "$1,000" and insert "$1,200"; in line 8, after the word "of" where it occurs the second time, to strike out "$1,000" and insert "$1,200"; in line 17, after the word "of" to strike out "one-twelfth of $1,000" and insert "$100"; on page 66, line 8, after the word "subsection" to strike out "(b), or in subsection (m)," and insert "(b)"; in line 9, after the word "age" to strike out "seventy-five" and insert "seventy-two"; on page 67, line 18, after the word "individual's" to strike out "net earnings from self-employment and his"; in line 22, after the word "section" to strike out "211, other than paragraphs (1) and (4) of subsection (c)," and insert "211"; in line 24, after the word "any" to strike out "excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any"; on page 68, line 1, after the word "income" to strike out "so"; in line 2, after the word "resulting", to insert "from such a computation"; in line 6, after the word "in" to strike out "subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self employment" and insert "section 209 (a)"; on page 69, line 7, after the word "subsection" to strike out "(b), (c), or (m)" and insert "(b) or (c)"; in line 15, after the word "subsection" to strike out "(b), (c), or (m)," and insert "(b) or (c)"; on page 70, line 2, after the word "of" where it occurs the second time, to strike out "one-twelfth of $1,000" and insert "$100"; after line 6, to insert:

"(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out 'seventy-five' and inserting in lieu thereof 'seventy-two'."

In line 10, to change the subsection number from "(3)" to "(4)"; on page 71, line 20, to change the subsection number from "(4)" to "(5)"; on page 72, after line 14, to insert:

"(6) The heading of section 203 (j) of such Act is amended by striking out 'seventy-five' and inserting in lieu thereof 'seventy-two' and such section is amended by striking out 'seventy-five' and inserting in lieu thereof 'seventy-two'."

On page 73, line 15, after the word "section" to strike out "23" and insert "162"; in line 16, after the word "Code" to insert "of 1954"; on page 74, after line 3, to strike out:

"(i) (1) Section 203 of such Act is further amended by adding after subsection (l) (added by subsection (h) of this section) the following new subsection:

"*'Deductions From Benefits of Dependents' and Survivors' Residing Abroad*

"'(m) (1) Deductions shall be made from any benefits to which a dependent or survivor is entitled under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the wages and self-employment income of an insured individual until the total of such deductions equals such dependent's or survivor's benefit or benefits under such subsection for any month during no part of which he is a resident of the United States unless—

"'(A) such dependent or survivor resided in the United States for three years during the five years immediately preceding the first month for which he was eligible for such benefits or any other monthly benefits under such section 202 based on the wages and self-employment income of such insured individual; or

"'(B) such insured individual would be a currently insured individual at the time he became eligible for or entitled to old age insurance benefits or primary insurance benefits or, if he died without becoming so eligible or entitled, at the time of his death, even if no wages were counted for such purpose except his wages (if any) for service referred to in clause (B) of so much of section 210 (a) as precedes paragraph (1) and his wages (if any) deemed paid pursuant to subsection (a) or (c) of section 217; or

"'(C) in the case of a child entitled to child's insurance benefits, such child first became eligible for such benefit (on the basis of the wages and self-employment income of such insured individual) prior to the month in which he attained the age of three and such child was born in the United States.

"'(2) For purposes of paragraph (1)—

"'(A) an individual shall be deemed eligible for benefits under any subsection of section 202 for any month if he was, or would have been upon filing application therefor in such month, entitled to such benefits for such month;

"'(B) a dependent is a wife, husband, or child of an individual entitled to old age insurance benefits; and

"'(C) a survivor is a widow, widower, child, former wife divorced, or parent (of a deceased individual) entitled to monthly benefits under subsection (d), (e), (f), (g), or (h) of section 202.'"

"(2) The first sentence of section 203 (d) of such Act is amended by striking out '(b) and (c)' and inserting in lieu thereof '(b), (c), and (m).'

"(3) Section 214 (b) of such Act is amended by striking out 'or' before clause (3) and by inserting immediately before the period at the end thereof: ', or (4) for purposes of section 203 (m) only, the first quarter in which he was, or would have been upon filing application therefor in such quarter, entitled to old age insurance benefits or primary insurance benefits'.

"(4) Subsections (a) (1) and (e) (1) of section 217 of such Act are each amended by adding at the end thereof the following new sentence: 'The provisions of clause (B) shall also not apply for purposes of section 203 (m) (1) (B).'

"(5) The amendments made by this subsection shall be applicable in the case of any individual who (A) is entitled to benefits under any subsection of section 202 of the Social Security Act (other than subsection (a) thereof), on the basis of the wages and self-employment income of an insured individual, after the month in which this Act is enacted, and (B) was not, and would not have been upon filing application therefor in such month, entitled (without the application of subsection (j) (1) of such section 202) to benefits under the same or any other subsection of such section 202 on the basis of such insured individual's wages and self-employment income for the month in which this Act is enacted or any prior month."

On page 77, line 4, to change the subsection letter from "(j)" to "(i)"; on page 78, after line 18, to insert:

"(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this Act, to the extent they are in effect with respect to months after 1954, are each amended by striking out 'seventy-five' and inserting in lieu thereof 'seventy-two', but only with respect to such months after 1954."

on page 81, line 5, after "212" to strike out "and" and insert a period; at the beginning of line 13, to strike out "the month following the month in which this Act is enacted" and insert "August 1954"; in line 16, after the word "to", to strike out "the fifth month before the month in which this Act is enacted" and insert "February 1954"; on page 83, line 12, after the word "after" to strike out "quarter" and insert "quarters"; on page 88, line 2, after the word "by" to strike out "inserting ', or for purposes of section 216 (i) (3)' immediately before the period at the end of the last sentence thereof (added by section 103 (i) (4) of this Act." "adding at the end thereof the following new sentence: 'The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3).'"; on page 92, after line 9, to strike out:

"DELETION OF EARNINGS DURING UNLAWFUL RESIDENCE IN THE UNITED STATES

"SEC. 107. (a) Section 205 of the Social Security Act is amended by redesignating subsection (n) as subsection (m) and inserting after such subsection the following new subsection:

"*'Earnings During Unlawful Residence Deleted From Record*

"'(n) (1) Notwithstanding the provisions of subsection (c), wages for service performed by an individual during any period that he is unlawfully in the United States, and self-employment income derived by him during such period, shall be deleted from the Secretary's records for such individual and shall not be counted for purposes of determining entitlement to or the amount of any benefits or lump sum death payments under section 202.

"'(2) Upon application for benefits or a lump sum death payment on the basis of the wages and self-employment income of any individual the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual was unlawfully in the United States during any period of time. If the Attorney General has made or makes a determination that there was such a period, he shall notify the Secretary thereof, and the Secretary shall certify no further benefits for payment or shall recompute the amount of any further benefits payable on the basis of such individual's wages and self-employment income, as may be required by paragraph (1). Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual prior to receipt of such notice shall not be deemed by reason of this subsection to be an erroneous payment.'

"(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted.

"TERMINATION OF BENEFITS UPON DEPORTATION

"SEC. 108. (a) Section 202 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"*'Termination of Benefits Upon Deportation of Primary Beneficiary*

"'(m) (1) Notwithstanding any other provision of this title, no monthly benefits under this section shall be paid on the basis of the wages and self-employment income of any individual for any month after such individual has been deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality

Act, and no lump sum death payment shall be made on the basis of such wages and self-employment income in case of death in or after such month.

"'(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any individual, the Secretary shall make a decision without regard to paragraph (1) unless he has been notified by the Attorney General that such individual has been deported under one of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) of this subsection. If such individual has been or is deported under any such paragraph, the Attorney General shall so notify the Secretary, and the Secretary shall certify no further benefits for payment on the basis of such individual's wages and self-employment income. Any payment certified by the Secretary on the basis of the wages and self-employment income of such individual, prior to receipt of such notice, shall not be deemed by reason of this subsection to be an erroneous payment.'

"(b) The amendment made by subsection (a) shall be applicable in the case of monthly benefits under title II of the Social Security Act for months after, and in the case of lump-sum death payments with respect to deaths occurring after, the month following the month in which this Act is enacted."

On page 95, line 12, after "Sec." to strike out "109" and insert "107"; in the same line, after the amendment just above stated, to strike out "(a)"; in line 23, after the word "coverage" to insert "but only if there are not fewer than six of such quarters so elapsing"; after line 24, to strike out:

"(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting '(except wages for agricultural labor)' after '$50 or more in wages' in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"'(iv) if an individual is paid wages for agricultural labor in a calendar year, then, subject to clause (i), (a) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages are less than $300; (b) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed $300 but are less than $400; and (c) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are $400 or more; and

"'(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

If, in the case of any individual who has attained retirement age or died and who has been paid wages for agricultural labor in a calendar year, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters.' "

On page 97, line 9, to change the section number from "110" to "108"; in line 20, after the word "such" to strike out "Act, except that, for" and insert "Act."; in the same line, after the amendment just above stated, to insert "For"; in line 21, after the word "of" where it occurs the second time, to strike out "paragraph (d) of subsection (d) of such section (in lieu of the provisions of paragraph (3) of such subsection)" and insert "section 215 (d) (3) of such Act shall apply if such individual died a currently insured individual (under title II of such Act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such Act; in all other cases the provisions of section 215 (d) (4)"; on page 98, line 5, after the word "applicable" to strike out "and"; in the same line, after the word "that" to strike out "his" and insert "such individual's"; in line 10, after the word "filed" to strike out "within two years after the first month following the month in which this Act is enacted" and insert "before September 1956"; in line 14, after the word "after" to strike out "the first month following the month in which this Act is enacted" and insert "August 1954"; at the beginning of line 17, to strike out "in which this Act is enacted"; in line 20, to change the section number from "111" to "109"; on page 99, line 22, to change the section number from "112" to "110"; on page 100, line 2, after the word "which" to strike out "derived," and insert "derived"; in line 6, to change the section number from "113" to "111"; in line 8, after the word "after" to strike out "the month in which this Act is enacted" and insert "August 1954"; in line 9, after the word "effective" to strike out "with the beginning of the month following the month in which this Act is enacted" and insert "September 1, 1954"; in line 16, after the word "after" to strike out "the month in which this Act is enacted" and insert "August 1954"; in line 18, after the word "effective" to strike out "with the beginning of the month following the month in which this Act is enacted" and insert "September 1, 1954"; on page 101, line 3, to change the section number from "114" to "112"; on page 102, line 22, after the word "this" to strike out "Act" and insert "section"; on page 103, line 8, after the word "Act" to insert "(as in effect before or after the enactment of this Act)"; in line 13, after the word "after" to strike out "the first month following the month in which this Act is enacted" and insert "August 1954"; in line 18, to change the section number from "115" to "113"; after line 20 to insert:

"COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

"SEC. 114. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which constitutes employment (as defined in section 210 (a) of the Social Security Act) and is performed after 1954 by individuals as officers or employees of the United States or any instrumentality thereof."

On page 104, line 9, in the heading, after the word "Revenue", to strike out "Code" and insert "Codes of 1939 and 1954"; in line 11, after "Sec. 201. (a)", to strike out "(1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:

"'(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;'.

"(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: 'In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection.' "

On page 106, at the beginning of line 1, to strike out "(b) (1)"; in the same line, after the word "section" to strike out "481" and insert "1402"; in line 2, after the word "code" to insert "of 1954"; in line 4, after "(1)" to strike out "That" and insert "that"; in line 6, after "(A)" to strike out "For" and insert "for"; in line 10, after "(B)" to strike out "For" and insert "for"; in line 14, at the beginning of the line, to strike out "(2)" and insert "(b)"; in the same line, after the word "Section" to strike out "481" and insert "1402"; in line 15, after the word "Code" to insert "of 1954"; in line 17, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; after line 19, strike out:

"(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting 'or' at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"'(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership.' "

On page 107, after line 2, to insert:

"(c) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after '18' the following: 'and other than service described in paragraph (4) of this subsection'.

"(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: 'The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect.'

"(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"'(e) MINISTERS AND MEMBERS OF RELIGIOUS ORDERS.—

"'(1) WAIVER CERTIFICATE.—Any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social

Security Act extended to service, described in subsection (c) (4), performed by him.

"'(2) TIME FOR FILING CERTIFICATE.—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of subsection (c)) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4).

"'(3) EFFECTIVE DATE OF CERTIFICATE.—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable.'"

On page 109, line 4, after the word "section" to strike out "1401 (d) (3)" and insert "6414 (c) (1)"; in line 11, after the word "entitled" to insert "(subject to the provisions of section 31 (b))"; in line 13, after the numerals "1400" to insert "of the Internal Revenue Code of 1939"; in line 21, after the word "entitled", to insert "(subject to the provisions of section 31 (b))"; at the beginning of line 22, to insert "credit or"; in line 23, after the word "section" to strike out "1400" and insert "3101"; on page 110, line 4, after the word "Code" to insert "of 1939"; in line 6, after the word "modification" to insert "thereof"; in line 9, after the word "within" to strike out "a period of"; in line 10, after the word "after" to strike out "the end of"; in line 13, after the word "section" to strike out "1401 (d) (4)" and insert "6413 (c) (2)"; in line 14, after the word "Code" to insert "of 1954"; in line 15, after the word "follows" to strike out "Special Rules in the" and insert "Applicability in"; in line 18, after the word "Section" to strike out "1401 (d) (4) (A)" and insert "6413 (c) (2) (A)"; in line 19, after the word "Code" to insert "of 1954"; in line 23, after the word "Section" to strike out "1401 (d) (4)" and insert "6413 (c) (2)"; in line 24, after the word "Code" to insert "of 1954"; on page 111, line 2, after the word "For" to strike out "the"; in the same line, after the word "paragraph" to strike out "(3)" and insert "(1)"; in line 3, after the word "subsection" to strike out "in the case of remuneration received during any calendar year after the calendar year 1954,"; in line 7, after the word "section" to strike out "1426 (m) of this subchapter" and insert "3121 (1)"; in line 11, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; in line 12, after the word "section" to strike out "1400" and insert "3101"; in line 14, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; in line 16, after the word "section" to strike out "1400" and insert "3101"; in line 18, after the word "section" to strike out "1426" and insert "3121"; at the beginning of line 19, to strike out "(3)" and insert "(1)"; in line 22, after the word "section" to strike out "1426 (m)" and insert "3121 (1)"; in line 24, after the word "section" to strike out "1420 (c)" and insert "3122"; in line 25, after the word "Code" to insert "of 1954"; in the same line, after the word "by" to strike out "inserting 'in the case of the calendar year 1951, 1952, 1953, or 1954, or the $4,200 limitation in such section in the case of any calendar year after 1954' after 'the $3,600 limitation in section 1426 (a) (1)'", and insert "striking out '$3,600' and inserting in lieu thereof '$4,200'"; on page 112, line 8, after the numerals "1954" to insert "The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939."

After line 12, to strike out:

"COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

"SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: 'The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality.'

"(b) The amendment made by subsection (a) shall become effective January 1, 1955."

On page 113, line 6, to change the section number from "024" to "203"; in the same line, after the word "section" to strike out "1426" and insert "3121"; in line 7, after the word "Code" to insert "of 1954"; in line 10, after the word "section" to strike out "1426" and insert "3121"; in line 11, after the word "Code" to insert "of 1954"; in line 13, after "(B)" to strike out "Cash" and insert "cash"; in line 20, after the word "subsection" to strike out "(h)" and insert "(g)"; in line 21, after the word "Section" to strike out "1426" and insert "3121"; in line 22, after the word "Code" to insert "of 1954"; in line 24, after "(C)" to strike out "Cash" and insert "cash"; on page 114, line 5, after the word "this" to strike out "subparagraph" and insert "subparagraph,"; in line 9, after the word "subsection" to strike out "(h)" and insert "(g)"; in line 10, after the word "Section" to strike out "1426" and insert "3121"; in line 11, after the word "Code" to insert "of 1954"; in line 14, after "(B)" to strike out "Cash" and insert "cash"; in line 15, after the word "calendar" to strike out "year" and insert "quarter"; in line 16, after the word "such" to strike out "year" and insert "quarter"; in line 18, after the word "than" to strike out "$200" and insert "$50"; in line 23, to change the section number from "205" to "304"; in the same line, after the word "Section" to strike out "1426" and insert "3121"; in line 24, after the word "Code" to insert "of 1954"; at the top of page 115, to strike out:

"'(1) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended;'."

And insert in lieu thereof:

"'(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. (1141j));

"'(B) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468);'."

In line 13, after the word "Section" to strike out "1426" and insert "3121"; in line 14, after the word "Code" to insert "of 1954"; in line 20, after the word "section" to strike out "1426" and insert "3121"; in line 21, after the word "Code" to insert "of 1954"; on page 116, after line 4, to strike out:

"(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

"(A) by inserting 'by an individual' after 'Service performed,' and by inserting 'and if such service is covered by a retirement system established by such instrumentality;' after 'December 31, 1950,';

"(B) by inserting 'a Federal Home Loan Bank,' after 'a Federal Reserve Bank,' in clause (ii); and

"(C) by striking out 'or' at the end of clause (iii), by adding 'or' at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"'(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;'.

"(2) Subparagraph (C) of such paragraph is amended to read as follows:

"'(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"'(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"'(ii) in the legislative branch;

"'(iii) in a penal institution of the United States by an inmate thereof;

"'(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"'(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"'(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority);'.

"(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"'(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"'(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began;'."

On page 119, at the beginning of line 9, to strike out "(f)" and insert "(d)"; in the same line, after the word "Section" to strike out "1426" and insert "3121"; in line 10, after the word "Code" to insert "of 1954"; at the beginning of line 14, to strike out "(g)" and insert "(e)"; in the same line, after the word "subsections" to strike out "(c), (d), (e), and (f)" and insert "(c) and (d)"; after line 20, to insert:

"AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

"SEC. 205. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: 'An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50'."

On page 120, line 9, after the word "section" to strike out "1426" and insert "3121"; in line 10, after the word "Code" to insert "of 1954"; after line 16, to strike out:

"WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

"SEC. 207. (a) Paragraph (1) of section 1426 (1) of the Internal Revenue Code is amended by inserting '(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)' after 'service' in the first sentence, by striking out 'two-thirds of its employees' and inserting in lieu thereof 'two-thirds of its employees performing service to which this paragraph is applicable' in such sentence, and by deleting so much of such paragraphs as follows the first sentence.

"(b) Such section 1426 (1) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"'(2) WAIVER OF EXEMPTIONS IN THE CASE OF MINISTERS. An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"'(3) LIST TO ACCOMPANY CERTIFICATE. A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"'(4) EFFECTIVE PERIOD OF WAIVER. A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"'(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"'(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate: (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"'(5) TERMINATION OF WAIVER PERIOD BY ORGANIZATION. The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter.'

"(c) The paragraph of such section 1426 (1) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: 'If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time.'

"(d) The paragraph of such section 1426 (1) herein redesignated as paragraph (7) is amended to read as follows:

"'(7) NO RENEWAL OF WAIVER. In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph.'

"(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (1) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (1) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed."

On page 126, line 10, to change the section number from "208" to "207"; in the same line, after the word "Section" to strike out "480" and insert "1401"; in line 11, after the word "Code" to insert "of 1954"; at the beginning of line 12, to strike out "(5)" and insert "(4)"; at the beginning of line 13, to strike out "(5) In" and insert "(4) in"; in line 15, after "5¼" to strike out "per centum" and insert "percent"; in line 17, after the word "taxable" to strike out "year." and insert "year;"; at the beginning of line 18, to strike out "(6) In" and insert "(5) in"; in line 20, after the numeral "6" to strike out "per centum" and insert "percent"; in line 22, after the word "Section" to strike out "1400" and insert "3101"; at the beginning of line 23, to insert "of 1954"; in the same line, after the word "paragraph" to strike out "(6)" and insert "(4)"; at the beginning of line 25 to strike out "(6) With" and insert "(4) with"; on page 27, line 2, after "3½" to strike out "per centum" and insert "percent"; at the beginning of line 3, to strike out "(7) With" and insert "(5) with"; in line 4, after the numeral "4" to strike out "per centum" and insert "percent"; in line 6, after the word "Section" to strike out "1410" and insert "3111"; at the beginning of line 7 to insert "of 1954"; in the same line, after the word "paragraph" to strike out "(6)" and insert "(4)"; at the beginning of line 9, to strike out "(6) With" and insert "(4) with"; in line 11, after "3½" to strike out "per centum" and insert "percent"; at the beginning of line 12, to strike out "(7) With" and insert "(5) with"; in line 13, after the numeral "4" to strike out "per centum" and insert "percent"; in line 15, after the word "of" to strike out "American Employer" and insert "Domestic Corporation"; in line 17, to change the section number from "209" to "208"; in the same line, after the word "Section" to strike out "1426" and insert "3121"; in line 18, after the word "Code" to insert "of 1954", at the beginning of line 20, to strike out "(m)" and insert "(1)"; on page 128, line 7, after the word "paragraph" to strike out "(7)" and insert "(8)"; in line 12, after the word "the" to strike out "terms" and insert "term"; at the beginning of line 13, strike out "respectively,"; in line 14, after the words "in the" to strike out "employ c' the domestic corporation" and insert "United States"; in line 17, after the word "conditions" to strike out "in the case of" and insert "with respect to"; in line 21, after the word "who" to insert "onor"; in the same line, after the word "agreement" to strike out "become" and insert "are"; in line 25, after "(A)" to strike out "That" and insert "that"; on page 129, line 2, after the word "Secretary" to insert "or his delegate"; in line 4, after the word "sections" to strike out "1400 and 1410, including interest and penalties, if the services of employees covered by the agreement had constituted employment as defined in section 1426" and insert "3101 and 3111 (including amounts equiva-

lent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section"; in line 14, after "(B)" to strike out "That" and insert "that"; in line 16, after the word "Secretary" to insert "or his delegate"; in line 17, after the word "this" to strike out "subsection." "; and insert "subsection."; on page 131, line 1, after the word "foreign" to strike out "subsidiary" and insert "corporation"; in line 3, after the word "the?" to strike out "domestic" and insert "foreign"; in line 4, after the word "quarter" to strike out "owns 50 per centum or less of the voting stock of such subsidiary" and insert "ceases to be a foreign subsidiary as defined in paragraph "(8)"; on page 132, line 1, after the word "entirety" to insert "(A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4),"; in line 6, after the word "to" to strike out "such paragraph" and insert "paragraph (1)"; in line 8, after the word "any" to insert "foreign"; in line 11, after the word "Fund", to strike out "All amounts received by the Secretary pursuant to an agreement entered into under paragraph (1) of this subsection shall be regarded for purposes of section 201 of the Social Security Act as taxes collected pursuant to this subchapter."; and insert "For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

"'(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"'(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection, shall be considered wages subject to the taxes imposed by this chapter.'"

On page 133, line 12, after the word "Secretary" to insert "or his delegate"; in line 24, after "(A)" to strike out "A" and insert "a"; on page 134, at the beginning of line 1, to strike out "per centum" and insert "percent"; in line 3, after "(B)" to strike out "A" and insert "a"; in line 6, after the word "paragraph" to strike out "(A)." " and insert "(A)"; after line 6, to insert:

"'(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.'"

At the beginning of line 16, to strike out "(9)" and insert "(10)"; in line 17, after the word "Secretary" to insert "or his delegate"; in line 22, after the word "employers" to strike out "pursuant to subchapter A or E of chapter 9 of this title" and insert "pursuant to this title with respect to the taxes imposed by this chapter"; on page 135, after line 3, to strike out:

"SEC. 210. Section 23 of the Internal Revenue Code (relating to deductions from gross income) is amended by inserting at the end thereof the following new subsection:

"'(gg) PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS. In the case of a domestic corporation, amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 1426 (m) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction for income tax purposes under this subsection shall be included in gross income for the taxable year in which received.'"

On page 135, after line 16, to insert:

"SEC. 209. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"'SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.

"'In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.'

"(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"'*Sec. 176. Payments with respect to employees of certain foreign corporations.*'"

On page 136, line 15, after "September 30" to strike out "1955" and insert "1956"; on page 137, line 5, after "(a)" to strike out "and (2)" and insert "(2) by striking out 'such clause' in paragraph (1) and inserting 'such subsection' in lieu thereof, and (3)"; on page 138, line 1, after the word "after" to strike out "the month following the month in which this Act is enacted" and insert "August 1954"; in line 4, after the word "to" to strike out "fifth month before the month in which this Act is enacted" and insert "February 1954"; in line 12, after the word "of" to strike out "seventy-five" and insert "seventy-two"; on page 139, line 4, after the word "Code" to insert "of 1939, the Internal Revenue Code of 1954", and in line 8, after the word "this" to strike out "Act, and references in the Social Security Act, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Internal Revenue Code redesignated by this Act,", and insert "Act".

Mr. THYE. Mr. President, I should like to ask the junior Senator from Colorado a question about offshore seasonal workers, such as might be brought in from the islands, who would be engaged in the harvesting of vegetables and fruit, and canning crops of various kinds. I did not note any particular reference to them. I noted that the Mexican worker was excluded.

Mr. MILLIKIN. He is excluded because we operate under an agreement with Mexico. Questions have been raised whether we should have similar arrangements with other countries.

Mr. THYE. That is correct. The question has also been raised with me. But, assuming that an offshore worker worked 5 months one season, then worked 4 months another year, and then did not return to the United States, how would such an account be handled and at what time would the records be closed on such an account? It poses a very serious problem from the standpoint of administrative function, and also for the employer of such seasonal workers.

Mr. MILLIKIN. Fiscally, the money received from that source would go into a trust fund. The Senator understands that any excess of collections over what is paid out goes into a so-called trust fund.

Mr. THYE. Yes.

Mr. MILLIKIN. I do not like to call it a trust fund, but that is the only name I can think of.

Mr. THYE. The question, however, is this: Suppose I were the employer, and I brought someone in and employed him for a period of 5 months in the calendar year 1954, then I employed the same person for 4 months in 1955, and then I did not employ him for some time. In the event that person made application and was of sufficient age and was qualified to receive retirement pay, how would such an account be handled?

Mr. MILLIKIN. Is the Senator discussing the present law?

Mr. THYE. I am discussing the provisions in this new bill, H. R. 9766.

Mr. MILLIKIN. Under the circumstances which the Senator has described, the worker would not be qualified for benefits.

Mr. THYE. He would not be?

Mr. MILLIKIN. No.

Mr. THYE. Why?

Mr. MILLIKIN. Because he had not worked long enough to get on the rolls.

Mr. THYE. However, if a person worked 3 months in a quarter, that would be 1 quarter's coverage, and he would then be eligible, would he not?

Mr. MILLIKIN. He would not be eligible. He would be on the roll, but it would depend upon the future history of that worker whether he would finally become eligible for benefits.

Mr. THYE. That is what I am trying to establish. The question does not pertain to me. I used myself as an example. I am trying to establish a record that would guide the person who was bringing in offshore workers who work in the harvesting of apples, and who work in the harvesting of vegetables all along the eastern coast and also in Minnesota and on the west coast. I am trying to bring out some information that will make it crystal clear to a company which is engaged in the canning of peas or sweet corn or any other type of vegetable, how the account is to be handled if the company employs a person for 4 or 5 months a year over a period of years. If the worker is employed more than 60 days in a quarter, the tax payment has to be made. Is that not correct?

Mr. MILLIKIN. Yes; but I think the problem the Senator is posing is a bookkeeping problem. The employer has to keep track of the employees, he has to keep track of what he pays his employees, and he has certain accountability to make to the Government. If the Senator wants me to draw a graph with columns in the ledger, and so forth, I do not feel qualified to do it.

Mr. THYE. No.

Mr. MILLIKIN. I think once we give the direction of what the obligations are, the employer will set up the necessary bookkeeping system.

Mr. THYE. The Senator from Minnesota does not want the able and distinguished chairman to draw any graphs. He has enough problems without getting down to that detail. The question I

want to have made clear is, in the first place, what responsibility the Government has to the type of workers who come into the United States seasonally from an island which may be under British control, who are British subjects, not American citizens, and who do seasonal work in the United States for a period of 10 years, working 4 or 5 months of each year. Are social-security benefits provided for that kind of worker 10 years later?

Mr. MILLIKIN. The Senator has mentioned 10 years. Assuming the period is 10 years and assuming the other things he has mentioned, the worker would be qualified to receive benefits under the social-security system.

Mr. THYE. If he was a British subject who came into the United States and was employed by American employers, even though he did not become a citizen of the United States but still remained a British subject, could he live on a British-controlled island and draw old-age and survivor's insurance or retirement from the United States Treasury?

Mr. MILLIKIN. That is the way it is. There has been considerable complaint about it. I think before it can be changed, there will have to be some conferences with the foreign countries which are affected.

Mr. BUSH. The protection will have been paid for.

Mr. MILLIKIN. Yes, he has paid for his protection.

Mr. THYE. However, I bring this thought up: The employer will have made a certain payment and the employee will have made a certain payment to the Federal Government.

Mr. MILLIKIN. They have both paid, so that, in a sense, balances the accounts, but not completely. I think an additional element should be considered. This system provides certain benefits which the Government intends, as a matter of policy, to accrue to the beneficiaries under the system. Whether those extras were intended to benefit citizens of other countries is another question, and it is a large question. It is something we have handled in the case of workers from Mexico. We may have to handle it in the case of workers from other countries. It ought not to be done in a scattershot method on the Senate floor.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. SMATHERS. The senior Senator from Florida [Mr. HOLLAND] and I have an amendment proposed to be offered by us to the bill, which will eliminate coverage of workers from Jamaica, Bahamas, and the British West Indies who are brought into our State every year on a temporary basis for a period of 3 to 4 months to perform agricultural labor. In these instances, the Department of Labor certifies that there is a shortage of domestic labor in Florida for that purpose, and employers in Florida get them to come into the State and send them back when they have finished their work. It was our feeling that they should not be covered by the Social Security Act. We have therefore prepared an amendment to be offered at the proper time, the purpose of which is to eliminate from such coverage this class of agricultural workers who come into Florida from Jamaica, Bahamas, and the British West Indies.

Mr. MILLIKIN. Is the amendment limited to the British West Indies?

Mr. SMATHERS. It is.

Mr. MILLIKIN. I hope the Senator will offer the amendment. Personally, I should be willing to take it to conference. I think we should be very careful tonight not to shoot with buckshot, because many nations may be involved, and we do not know what our arrangements are with them. We have had no hearings on the proposal. I recognize the problem which the Senator raises.

Mr. THYE. The reason I was endeavoring to get this question clarified by the colloquy or discussion is primarily that the question has been raised with me that an American citizen employing Mexicans is exempt from paying the tax on the wages of the Mexican worker, while the citizen who brings in workers from the West Indies immediately has to pay a tax. If a man employing Mexican workers has the advantage of not paying a tax, he would naturally discriminate against American citizens who are seeking employment, on whose wages he would have to pay a tax.

These are questions which I think we should try to have made clear.

Mr. MILLIKIN. I understand the Senator's suggestions and thoughts. There is a great deal to what he says. As I understand, the amendments, which the Senator from Florida is about to propose, are limited in area. I have received some information from the staff. I cannot say exactly, but so far as the British are concerned I understand, there would be no objection. That is something that ought to be looked into by the State Department before we finalize that kind of legislation and make it universal.

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield, so that I may suggest the absence of a quorum, primarily for the purpose of proposing a unanimous-consent request?

Mr. MILLIKIN. Will the Senator withhold his request for a moment?

Mr. KNOWLAND. Certainly.

Mr. MILLIKIN. Why does not the Senator from Florida offer his amendments, while the going is good, so to speak?

Mr. SMATHERS. Mr. President, on behalf my distinguished senior colleague [Mr. HOLLAND] and myself, I offer two amendments to the pending bill.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The Secretary will state the amendments.

The LEGISLATIVE CLERK. On page 3, in line 18, beginning with the word "workers", it is proposed to strike out all down to and including line 20, and insert in lieu thereof the following:

(i) workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the British West Indies on a temporary basis to perform agricultural labor.

On page 115, line 10, beginning with the word "workers", strike out all down to and including line 12 and insert in lieu thereof the following:

(i) workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the British West Indies on a temporary basis to perform agricultural labor.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Florida.

Mr. THYE. Mr. President, I should like to direct a question to the able chairman of the committee before action is taken on the amendments. Why could we not apply amendments of that kind to all offshore workers?

Mr. MILLIKIN. It may be that it could be done, but I believe the subject should be reviewed in committee, and it should be reviewed by the State Department, so that we may avoid setting up what might well be an irritation in our relation with other countries.

Mr. THYE. Assuming the amendments are agreed to and that they apply only to the West Indies, employers who get offshore workers from other areas will say to those who represent them, "Why did you not do for us what the Senators from Florida did with respect to workers who come from the West Indies?"

We who represent other States would be faced with that kind of question. That is what would be asked if we were to permit something to happen with respect to offshore workers that is beneficial to one State but not to other States.

Therefore, I may well be faced with that kind of question. It does not seem fair or just to the employer in one area not to be able to bring in workers from some offshore islands while employers in other States get the benefit of employing workers from the West Indies. That poses a problem.

Mr. MILLIKIN. I do not represent that what I am about to say is 100 percent accurate, but I have received some information to the effect that the British have no objection to such agreements. The Senator's problem is to find out—and I hope to find out for him, although I cannot do it tonight—whether or not the people of the particular offshore countries from which his constituents get their labor will be resentful if the same procedure is applied with respect to their people.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. MILLIKIN. I yield.

Mr. THYE. I should like to press that thought a little further. Has the Senator from Colorado any knowledge that any of the countries now involved would object if we were to deny them this coverage?

Mr. MILLIKIN. I do not; but I do not believe we should proceed at this time.

Mr. THYE. I thought perhaps the chairman and his committee had studied the subject sufficiently so that he would have information relative to other is-

lands, to the same extent that he has information with reference to Mexico and the West Indies.

Mr. MILLIKIN. This question arises for the first time on the floor. The chairman, after discussing the matter with the staff of the committee, has learned about the British situation. I can well understand how this situation would put some Senators somewhat on a spot, but I do not think we can avoid all spots that might involve Senators. In that connection, I should like to quote from an authority whom I seldom quote. President Truman used to say, "If you can't stand the heat, stay out of the kitchen."

Mr. THYE. To which I should like to add that if a person cannot stand the heat in the kitchen, he should either change the method of heating, or put in a different heating system. I propose to examine both possibilities. If it is possible to exempt the West Indies, I shall try to bring in an amendment that will take off the heat with respect to some other areas as well.

Mr. MILLIKIN. I promise the Senator that at the next session of Congress, next year, we will gladly hear from the Senator.

Mr. THYE. I will endeavor to draft an amendment and have it on the Senator's desk tomorrow morning.

Mr. MILLIKIN. That is the Senator's privilege. I hope tomorrow will be too late.

Mr. SMATHERS. I may not know my geography very well, but are there other areas than the British West Indies, Jamaica, the Bahamas, and Mexico from which offshore laborers come to this country?

Mr. THYE. I will endeavor to acquaint myself with that situation.

Mr. SMATHERS. I believe that by working out contracts which have already been worked out with Mexico and by adopting a provision with reference to persons lawfully admitted to the United States from Jamaica, Bahamas, and the British West Indies on a temporary basis to perform agricultural labor, we will have included practically all the labor with which the Senator from Minnesota is concerned.

I may say to the Senator that the problem with which we are concerned in our State is met by employers first obtaining a certificate from the Department of Labor certifying that there is a shortage of domestic labor in the area and asking that they be permitted to bring in x number of workers from Jamaica, Bahamas, and the British West Indies. When such labor is brought in they cannot remain in the country for more than 3 or 4 months, under the law, and can work only on the particular job for which they were brought into the country. They do not become transient workers and do not compete with other workers in our State. After they have completed the job for which they were brought into this country, they must return to their own country.

Mr. THYE. Some of the workers who come from offshore come up along the Atlantic coast and they wind up picking apples in Virginia.

Mr. SMATHERS. Those are not the ones which would come under the proposed amendment because the amendment is applicable only to those cases where a certification has been obtained from the Department of Labor stating that there is no available supply of domestic labor. In that way we stop them from competing with domestic labor or from becoming transients.

Mr. THYE. Mr. President, I thank the distinguished Senator.

Mr. MILLIKIN. I am very appreciative.

Mr. THYE. I am now going to proceed to see whether it is necessary for me to make requisition for a ventilating system.

Mr. MILLIKIN. If so, you will find very willing workers, if you find the answer in time.

Mr. KNOWLAND. Will the Senator now yield for the purpose of a quorum call and the propounding of a unanimous-consent agreement?

Mr. MILLIKIN. I yield to the Senator.

Mr. KNOWLAND. I ask unanimous consent that the Senator from Colorado [Mr. MILLIKIN] may yield for that purpose without losing the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I send to the desk a proposed unanimous-consent agreement, which is presented on behalf of the majority leader and the minority leader.

The PRESIDING OFFICER. The Secretary will read the proposed unanimous-consent agreement.

The LEGISLATIVE CLERK. The proposed unanimous-consent agreement reads as follows:

Ordered, That during the further consideration of H. R. 9366, to amend the Social Security Act and the Internal Revenue Code, debate on any amendment or motion (including appeals) shall be limited to not exceeding 30 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from Colorado [Mr. MILLIKIN] in the event he is opposed to any such amendment or motion; otherwise, by the mover and the minority leader: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. IVES. Mr. President, have the amendments offered by the Senator from Florida been agreed to?

The PRESIDING OFFICER. They have not yet been agreed to.

Mr. IVES. I should like to offer an amendment if they have been agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Florida.

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. IVES. Mr. President, I call up my amendment 7–31–54–A, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section, as follows:

SERVICE FOR CERTAIN EXEMPTION ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 403. In any case in which—

(a) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this act a waiver certificate under section 1426 (1) (1) of the Internal Revenue Code of 1939;

(b) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

(c) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

(d) part of such taxes have been paid prior to the enactment of this act;

(e) so much of such taxes as have been paid prior to the enactment of this act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (1) (1) of the Internal Revenue Code of 1939; and

(f) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

Mr. MILLIKIN. Mr. President, will the Senator from New York yield?

Mr. IVES. I yield to the Senator from Colorado.

Mr. MILLIKIN. I understand this is the precise amendment submitted to our staff?

Mr. IVES. This is the identical amendment.

Mr. MILLIKIN. So far as I am concerned—and I think the distinguished senior Senator from Georgia agrees with the amendment in principle—I am willing to take the amendment to conference.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. IVES. Mr. President, I ask unanimous consent to have inserted in the RECORD a statement concerning the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR IVES

This proposed amendment is designed to alleviate the serious problem confronting certain charitable institutions such as a nonprofit corporation, the North Shore Hospital, in my own State of New York. This amendment would provide that such an organization could file, retroactively to the year 1951, certain certificates required by the Bureau of Internal Revenue as evidence of their waiver of immunity from the social-security taxes imposed under the Federal Insurance Contributions Act, if the failure to file such certificates was merely a ministerial or clerical omission on the part of the organization and if part of the taxes imposed by the Internal Revenue Code have been paid in good faith prior to the enactment of the bill and no refund of such taxes has been obtained.

I am advised that the problem which this proposed amendment is designed to resolve has arisen with respect to several other similar institutions. In the North Shore Hospital case, the board of directors of the hospital directed that the necessary steps be taken for the corporation to waive its immunity to the taxes imposed by the Federal Insurance Contributions Act and to secure for all corporation employees coverage under the old-age and survivors insurance program, established under title II of the Social Security Act, as amended in January 1951. Moreover, the employees of the hospital at that time understood that the corporation had waived its immunity from the aforesaid tax and they concurred in their being covered by the insurance program. However, this concurrence was not reduced to writing on Internal Revenue Form SS–15 (a) solely by reason of the failure on the part of the then administrative officials of the hospital to secure their signatures on said form.

During the period from January 1, 1951, to October 1953, the officers, directors, and employees of the corporation assumed that the necessary documents had been filed and that the taxes deducted under the Federal Insurance Contributions Act were paid in accordance with that act.

When the hospital first learned that there was a question concerning the coverage of its employees in the fall of 1953, it continued to withhold the employees' tax, as well as the employers' tax, and deposited the amount so withheld in a special trust account. The hospital has made every effort to resolve this serious problem administratively, but has been unable to do so.

If this proposed amendment is not favorably considered, many employees of the hospital will lose wage credits over a period of about 3½ years and the hospital will have the enormous burden and expensive obligation of locating and making refunds to each individual with respect to whom the social-security tax had been paid over the period beginning on January 1, 1951, and ending on June 20, 1954. Moreover, I am advised that this loss of wage credits would mean for some employees the difference between their qualifying or not qualifying for benefits under the social-security program.

Therefore, I urge the adoption of this proposed amendment to H. R. 9366 to resolve the serious problem confronting the North Shore Hospital and other like institutions which may be similarly affected.

Mr. MORSE. Mr. President, I offer a series of amendments which are somewhat of the same nature as that offered by the distinguished senior Senator from New York [Mr. IVES]. Probably the principle is somewhat in reverse, but they also involve an injustice which should be corrected. I understand that the chairman of the committee is willing to take the amendments to conference. I ask that the amendments be read.

The PRESIDING OFFICER. The clerk will state the amendments.

The CHIEF CLERK. On page 7, line 13, it is proposed to strike out "or."

On page 7, it is proposed to strike out all on line 15 and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection;".

On page 8, line 7, it is proposed to strike out "or."

On page 8, it is proposed to strike out all on line 9 and insert in lieu thereof the following: "such period began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) of the Internal Revenue Code to constitute remuneration for employment for the purposes of this subsection."

On page 104, line 15, it is proposed to strike out "or."

On page 104, line 17, it is proposed to strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 105, line 8, it is proposed to strike out "or."

On page 105, line 10, it is proposed to strike out "began;" and insert in lieu thereof the following: "began, or (iii) any part of whose remuneration for such service is deemed under section 1426 (l) (8) to constitute remuneration for employment for the purposes of this subsection."

On page 111, line 3, it is proposed to insert "(1)" after "(d)."

On page 111, between lines 10 and 11, it is proposed to insert the following:

(2) Section 1426 (l) is further amended by adding at the end thereof the following new paragraph:

"(8) Individuals who failed to sign list: Notwithstanding the foregoing provisions of this subsection, in any case in which—

"(A) an individual has been employed by an organization which has filed a certificate under this subsection waiving its exemption from income tax under section 101 (6);

"(B) the service performed by such individual during the time he was so employed would have constituted employment (as defined in sec. 210 of the Social Security Act and sec. 1426 (b)) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

"(C) the taxes imposed by sections 1400 and 1410 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service; and

"(D) no refund of such taxes has been obtained,

the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered the junior Senator from Oregon. Without objection, the amendments will be considered en bloc.

Mr. MILLIKIN. Mr. President, in view of the fact that the amendment offered by the Senator from Oregon would remedy the situation where employees through mistake or misunderstanding failed to sign the employer's waiver certificate required for coverage of employees of nonprofit organizations, I am willing to take the amendment to conference.

I am informed that the distinguished senior Senator from Georgia [Mr. GEORGE], who is also familiar with the matter, is of the same opinion.

Unfortunately, existing law does not authorize any official of the Government to correct honest mistakes which work to the detriment of individuals who believed they had been brought in under the system and for whom taxes have been withheld and paid by the employer. It may be necessary in conference to modify the express language in the amendment offered by the Senator from Oregon, but we shall endeavor to fulfill the objective of his amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the junior Senator from Oregon.

The amendments were agreed to.

Mr. MORSE. Mr. President, as an assistance to the committee of conference, I ask to have my statement in support of the amendments printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MORSE

This amendment is designed to furnish relief to a number of our elder citizens who have been deprived of benefits and exposed to economic hardship because of misunderstandings about the present law.

Prior to the Social Security Act amendments of 1950, services rendered for a nonprofit organization were not in covered employment. Under the provisions of the 1950 amendments nonprofit organizations were given an opportunity to qualify their employees for social-security coverage under the amended act. Section 210 (a) of the act reads in part, as follows:

"The term 'employment' means any services performed * * * by an employee for the person employing him * * * except that, in the case of services performed after 1950 such terms shall not include—

* * * * * *

"(9) * * * (B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (1) of the Internal Revenue Code, is in effect if such service is performed by an employee (I) whose signature appears on the list filed by such organization after the calendar quarter in which the certificate was filed."

Pursuant to the above section, and with the intention of qualifying its employees for social-security coverage, the Emanuel Hospital of Portland, Oreg., a nonprofit organization, circulated a list to be signed by its employees in 1950.

At that time there were among the employees at Emanuel Hospital a Mrs. Hildur Peterson and a Hilda Peterson. When the hospital staff circulated the list of concurring employees required by section 210 (a) above, Hilda Peterson signed the list. A confusion of names resulted in the list not being submitted to Hildur Peterson for signature. Assuming, however, that Hildur Peterson had signed the list, deductions for old-age insurance were thereafter made from Mrs. Peterson's wages, and Mrs. Peterson in turn assumed that she was receiving social-security coverage.

Mrs. Peterson, who had been employed at Emanuel Hospital since 1945, terminated her employment in October 1952. In December of that year she applied for her social-security benefits. She was then informed that no wage credits would be given her for employment at the hospital because of her failure to sign the list, and that she would receive minimum benefits under the Social Security Act based on employment outside the hospital from 1937 to 1945.

Mrs. Peterson is now 72 years of age. She has been a widow for many years. She has supported and reared a fine family, but she was unable to set aside savings for her old age. Her son is now an overseas missionary, and she is being taken care of by her daughter, a person of very limited financial resources.

I am informed that there are probably 200 or more persons who have been denied social-security benefits in cases similar to that of Mrs. Peterson. The Treasury Department has advised me that representatives of that Department and the Department of Health, Education, and Welfare have been aware of many hardship cases and have discussed the problem at various times. Apparently no affirmative action has been taken to correct it.

The Treasury Department recently informed me of the case of an aged employee of an exempt organization who was confined in a hospital at the time the organization was circulating its list. When she returned to her employment she was informed that the signatures of the necessary two-thirds concurring employees had been obtained. She assumed that her signature was not required to qualify her individually for social-security coverage. Although in poor health, she continued to work for the organization for some time in the expectation of being able to build up enough wage credits to entitle her to benefits on retirement. When she terminated her employment and applied for benefits she was informed that she was not entitled to wage credits for her employment with the exempt organization because she had not signed the required list.

The distinguished Senator from Wyoming [Mr. BARRETT] has advised me that there has been referred to his office another case of hardship resulting from similar circumstances, and he is very much interested in the adoption of my amendment.

The purpose of my amendment is to give to the agency concerned the authority which it claims it lacks to authorize additions to or deletions from concurring lists in cases of excusable error, where taxes have been collected from a person who thereupon assumes that he or she is receiving social-security coverage.

On June 30, I submitted to the Committee on Finance a proposed amendment which the committee did not see fit to adopt. I have been advised that the reason that the committee did not favor my proposed amendment was that the amendment as submitted would have given the agency continuing authority to authorize additions to or deletions from lists, and apparently the committee did not wish to "open up" the present law to that extent.

The amendment which I have submitted today authorizes the addition to or deletion from lists only in the cases occurring subsequent to 1950 and prior to enactment of this act. This would take care of persons who have been subjected to hardship by misunderstandings in the past, but it does not "open up" the law for continuing authorization for the agency to make changes in lists in the future.

Most of the persons who would be helped by adoption of this amendment are in great need of financial assistance, and I feel that it is urgent that they receive as soon as possible the social security benefits to which I am sure all of the Members of the Senate will agree they are entitled.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Colorado [Mr. MILLIKIN] may yield briefly to the Senator from Rhode Island [Mr. GREEN] without losing his right to the floor.

Mr. MILLIKIN. I so request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

FREEDOM AND THE CONSTITUTION

Mr. GREEN. Mr. President, my attention has recently been drawn to a pamphlet entitled "American Security and Freedom," by Maurice J. Goldbloom, a former employee of the Mutual Security Administration. It deals with this broad subject under a variety of heads—all of which are treated interestingly. I would like to give as a sample of the subject matter and its treatment an extract from Freedom in the Constitution, and hope it may stimulate a reading of the whole book. I have been interested in it, both because it deals with a fundamental problem which challenges our solution and because the sponsor, the American Jewish Committee, is worthy of respectful consideration.

This committee is probably well known to most of my colleagues. The distinguished senior Senator from New York [Mr. LEHMAN] is an honorary vice president of it. Another distinguished citizen of the State of New York and former justice of the appellate division there, Joseph M. Proskauer, is an honorary president of it.

Founded in 1906, the American Jewish Committee has chapters in 44 principal American cities and has members in more than 550 American communities. It is a pioneer American organization in protecting civil and religious rights of Jews and in combating bigotry and in advancing the cause of human rights. Its members form a cross section of American civic life. One of its vice presidents is the Honorable Fred Lazarus, of Cincinnati, a member of the President's Committee on Contract Compliance. Another is Jesse H. Steinhart, of San Francisco. Milton W. King, Esq., of Washington, D. C., is also a vice president, as is Mr. James H. Becker, of Chicago.

In the list of distinguished Americans who have been active in the work of the American Jewish Committee are such names as Oscar S. Straus, who was Secretary of Commerce and Labor in President Theodore Roosevelt's Cabinet; Jacob H. Schiff, the famous banker and philanthropist; Abram I. Elkus, a former Ambassador to Turkey; the famous American lawyer of 30 years ago, James Marshall. I may add the eminent theologian, Dr. Cyrus Adler, who was president of Dropsie College and also of the Jewish Theological Seminary of America. He was also a member of President Franklin D. Roosevelt's Committee for the Relief of Refugees From Nazi Persecution in Europe, which committee included leaders of the three major religious faiths in our country.

History has its own way of periodically completing its round. In 1906 the American Jewish Committee was founded as a result of the unspeakable massacres of Jews in the Russian city of Kishinev. These pogroms prompted a group of American citizens of the Jewish faith to organize the committee to enlist this Government's interest in the cause of human rights the world over. As a result of representations made to it by the founders, the United States Government made strenuous representations to the Russian Government and succeeded in large measure in ameliorating the plight of Jews who lived in Russia.

Now, only a few weeks ago an American Jewish Committee delegation, headed by its other honorary president, Mr. Jacob Blaustein, of Baltimore, met with the Honorable Robert Murphy, Deputy Under Secretary of State, to protest the secret trials of leaders of the Jewish community in Rumania which were conducted by the Communists. Mr. Murphy issued a strong statement condemning these persecutions, continuing the long and honorable American tradition of mobilizing opinion against violations of human rights by the barbaric and medieval forces which still flourish in the Communist regimes in Russia and in its satellite countries.

Then too, paralleling its interest in human rights on the international scene, the American Jewish Committee has long been interested in problems of American security and individual freedom. It felt that recent events indicate the desirability of placing before the public a serious examination of facts which bear on them, and as a result it sponsored this publication entitled "American Security and Freedom."

The study comprises an 84-page report based on a 2 year evaluation of security problems in the United States. It assesses various proposals dealing with wiretapping, use of the fifth amendment, congressional investigations, teachers and communism, and loyalty and security in government and private employment.

The study very clearly asserts the grave threat of communism to the free world and its special internal danger to the United States and warns that "espionage is an essential function of all Communist movements at all times." It points out that the Communist Party in America is more than a political party—it is "a conspiracy to commit illegal acts in the interest of Soviet Russia."

The study makes a variety of recommendations, which it offers for consideration by all Americans. The President of the American Jewish Committee, Mr. Irving M. Engel, of New York City, points out in a foreword that the report deals with many questions on which the organization itself has taken no official position. Nevertheless because of the "very real danger that dissent today may be confused with treason—a situation not only unfavorable to dissent, but favorable to treason," as Mr. Engel states it, the American Jewish Committee decided to sponsor the study as a contribution to laying the basis for a sound program suited to the needs of the situation in which our Nation finds itself today.

I am sorry that the study is too lengthy to permit inclusion in its entirety in the RECORD, and I will conclude my remarks by including the short opening chapter entitled "Freedom in the Constitution."

Mr. President, I ask unanimous consent to have the chapter entitled "Freedom in the Constitution" printed at this point in the body of the RECORD.

There being no objection, the chapter was ordered to be printed in the RECORD, as follows:

FREEDOM IN THE CONSTITUTION

The United States today faces a world totalitarian movement, committed to the destruction of liberty everywhere. To meet the threat of this movement and its adherents in our own country, without at the same time sacrificing the basic principles on which our Nation rests, is not easy. Error in one direction might lay this country open to destruction or enslavement; error in the other could result in undermining the very freedom we seek to defend. But the problem can and must be solved if the free world is to survive.

To its own people and to the world the United States has from its inception embodied the idea of freedom. Like all ideals, this one has never been fully realized in practice, and at times it has suffered serious abridgments. But because it has always remained a vital and dynamic force, living not only in phrases and institutions but in the spirit of a people, it has triumphed over temporary setbacks and gone on to achieve new meaning and new dimensions.

Those who came to America did so for many reasons—religious, political, and economic. But the great majority came in search of a freedom greater than any they had previously known. It was not their intention to permit the reconstitution on this continent of the tyrannies from which they had fled. In the Constitution as originally adopted, and in the first 10 amendments which constitute the Bill of Rights, they hedged the power of the Federal Government around with safeguards against the recurrence in this country of forms of oppression which had developed in others. The various State constitutions imposed similar limitations on the powers of the States. And the 14th amendment made many of the constitutional provisions, by which the citizen was already protected against arbitrary acts of the Federal authorities, applicable to State action as well.

THE CONSTITUTIONAL GUARANTIES

Although we tend to think of our constitutional guaranties of freedom as being embodied in the Bill of Rights, the Constitution as it was first adopted contained many protections against the perversion of judicial process, or its replacement by acts of executive or legislative tyranny. To prevent the executive from holding men in prison without trial, it forbade the suspension of the writ of habeas corpus except in time of rebellion or invasion. It barred Congress from substituting legislative punishment for judicial trial, as the British Parliament had sometimes done in political cases through bills of attainder and impeachment. The first of these, a legislative imposition of punishment without trial, it outlawed completely. The second, a quasijudicial procedure in which the legislature itself sits as a court, was retained, but the penalties which could be inflicted by means of it were limited to removal from public office and ineligibility to hold such office in the future.

To make the judiciary independent of the other branches of government, the Constitution provided that judges were to hold office during good behavior—that is, for life unless removed by impeachment for cause—and that their salaries were not to be reduced during their terms of office. Thus a judge's decision could not be influenced by a threat that his pay would be cut or that he would be ousted from office. At the same time, the Constitution guarded against judicial tyranny by guaranteeing the right of trial by jury in all criminal cases. To prevent the Government from dragging defendants to distant parts of the country, it provided that trials must take place where the crimes had been committed.

Because the charge of treason had been a favorite method for disposing of political opponents in England and elsewhere, the Constitution provided: "Treason against the United States shall consist only in levying war against them, or in adhering to their enemies, giving them aid and comfort"; further, it provided that no person might be convicted of treason except on the testimony of two witnesses to the same overt act or on confession in open court.

Some of these provisions have been modified in practice by other provisions of the Constitution or by judicial interpretation of it. Thus Jefferson removed the Federalist "midnight judges," appointed by Adams just before leaving office, by putting through Congress a law abolishing the courts in which they served. Since the courts have held that the Constitution does not necessarily follow the flag, the Federal judges in territories outside the continental United States are appointed for fixed terms rather than during "good behavior"—a fact which in one recent case made possible a move to penalize a judge in Hawaii for reducing the bail of some Communist defendants. The 14th amendment included an ex post facto provision banning from office those persons who, having taken an oath of office to uphold the Constitution, had participated in rebellion. And there is a twilight zone of unclear meaning; thus Lincoln suspended the writ of habeas corpus during the Civil War but the Supreme Court disputed his right to do so. There is still no certainty as to where the power to suspend the writ legally rests.

The first 10 amendments and the 13th and 14th amendments added many more guaranties to the Constitution. Some of these are quite sweeping in language and have never been given their fullest possible meaning; some are so general in their terminology that their full implications are still being explored. The courts have had to extend them by analogy to situations which did not exist at the time the Constitution was written.

Even the great guaranties of the first amendment were never applied in their full and literal meaning. The guaranty of freedom of religion did not protect the practice of polygamy by those whose religion required it; indeed, Utah was not admitted to the Union until the Mormon Church abandoned that tenet. The guaranties of freedom of speech and press, while they have been held to prevent prior restraint of libel through precensorship or injunction, have never been regarded as preventing its punishment.

Beyond this, however, there has always been a great deal of uncertainty. The Sedition Act of 1798, for instance, was passed by a Congress many of whose Members had been among those who voted for the first 10 amendments. That they voted for the Sedition Act would seem to indicate that they considered it constitutional, but this was sharply disputed by Jefferson and Madison. The issue was never finally decided; the act was limited to a term of 2 years, and most of the cases initiated under it were still before the courts when Jefferson became President and stopped all prosecutions for its violation.

Under the Espionage Act, passed during the First World War, severe restrictions were imposed on freedom of speech and of the press. For uttering and publishing statements which purportedly discouraged recruiting, Eugene Debs and other leading Socialists were sent to prison. The Supreme Court upheld their convictions on the "clear and present danger" rationale formulated by Justice Oliver Wendell Holmes, who declared that free speech does not protect the right to shout "fire!" in a crowded theater. It is interesting that this doctrine, now regarded by many as restricting the Government too closely in dealing with subversive activities, was first enunciated in opinions upholding convictions in cases where, in retrospect, it hardly seems that any genuine danger existed.

The procedural guaranties of the Bill of Rights would seem to be easier to apply literally than the general prohibitions of the first amendment. But even here there were difficulties, especially as some of these procedural guaranties were stated in very vague language indeed. Thus the provision that "excessive bail shall not be required, nor excessive fines imposed" has meant as much—or as little—as the courts have desired.

The provision that "no person shall be compelled in any criminal case to be a witness against himself" has been extended to permit a person to refuse to give evidence before a congressional committee on the ground that it might tend to incriminate him. And, finally, there is the broad question of the extent to which the Bill of Rights is binding on the States. Not until well over a century after the Bill of Rights was added to the Constitution did the Supreme Court squarely decide that some amendments apply to State action as well as to acts of the Federal Government. That decision was predicated upon a fresh interpretation of the meaning of the 14th amendment. But even today not all of the first 10 amendments are deemed thus effective.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. LEHMAN. I commend the distinguished Senator from Rhode Island for placing in the RECORD excerpts from the very fine report on the subject of security and liberty, published by an organization of which I am very proud to be an honorary officer.

Mr. GREEN. I am very happy to be able to do so.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance pro-

gram, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HILL. Mr. President, I wish to call the attention of the Senator from Colorado to a letter dated August 12, 1954, which I have received from the Department of Health, Education, and Welfare, signed by Hon. Oveta Culp Hobby, Secretary, in which she states her opinion with reference to the rehabilitation provision of H. R. 9366, as follows:

At the time the administration's bill on social security was introduced, I publicly stated that in order to qualify for the "disability freeze" provisions of the bill a person would not be required to accept rehabilitation services. I have reiterated this statement on several occasions.

However, in view of the question raised in your letter I have had the General Counsel of this Department again review section 106 and he informs me that there is no provision in the bill that would grant authority to the Secretary to deny the "disability freeze" to persons who refused rehabilitation services.

The purport of the remainder of the letter conforms with the two statements I have just read.

I desire to ask the chairman of the committee, the distinguished Senator from Colorado [Mr. MILLIKIN], if his views are in accord with the views stated by Secretary Hobby in the letter to which I have just referred.

Mr. MILLIKIN. I am glad to say that I am in compete accord with what Secretary Hobby has written to the distinguished Senator from Alabama in the letter from which he has read.

Mr. HILL. I thank the Senator from Colorado.

Mr. President, I ask unanimous consent to have the entire letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE,
Washington, August 12, 1954.

Hon. LISTER HILL,
United States Senate.

DEAR SENATOR HILL: This is in reply to your letter of August 5, 1954, requesting a statement on the Department's position with respect to whether the Secretary could require an individual to accept rehabilitation services under the authority of section 106 of H. R. 9366 providing for the preservation of insurance rights of disabled individuals.

At the time the administration's bill on social sescurity was introduced, I publicly stated that in order to qualify for the "disability freeze" provisions of the bill a person would not be required to accept rehabilitation services. I have reiterated this statement on several occasions.

However, in view of the question raised in your letter I have had the General Counsel of this Department again review section 106 and he informs me that there is no provision in the bill that would grant authority to the Secretary to deny the "disability freeze" to persons who refused rehabilitation services. The only specific provision in the bill dealing with rehabilitation is the proposed new section 222 of the Social Security Act, entitled "Referral for Rehabilitation Services," which declares it to be the policy of the Congress that disabled individuals applying for a determination of disability shall be promptly referred to rehabilitation agencies for necessary rehabilitation services to the end that the maximum number may be restored to productive activity. This provision is intended to afford individuals the opportunity to be considered for services under the Vocational Rehabilitation Act; the failure to accept such a referral, would not of itself authorize this Department to find that the individual was not under a disability.

Aside from this specific provision, there is a general provision in the bill (the proposed new section 216 (i) of the Social Security Act) which provides that "An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required." The General Counsel has also considered whether this provision could be interpreted to require an individual to accept rehabilitation services. He assures me that this provision would not have the effect of making an individual's acceptance of rehabilitation services a condition to a finding that he is under a disability.

With regard to the general problem of rehabilitation in disability determinations, the Committee on Finance in its report to accompany H. R. 9366 (S. Rept. No. 1987) has stated:

"There are two aspects of disability evaluation: (1) There must be a medically determinable impairment of serious proportions which is expected to be of a long-continued and indefinite duration or to result in death, and (2) there must be a present inability to engage in substantial gainful work by reason of such impairment (recognizing, of course, that efforts toward rehabilitation will not be considered to interrupt a period of disability until the restoration of the individual to gainful activity is an accomplished fact * * *" (p. 21).

Under the bill, therefore, whether an individual is under a disability as defined in the bill would be a question of fact. If he were suffering from an impairment of such severity as to be totally disabling for any substantially gainful work, the mere possibility that he may be offered rehabilitation services and that the successful conclusion of a course of such services might restore him to gainful activity would not preclude a present finding of disability. Therefore, if he meets the other conditions of eligibility specified in the disability provisions in section 106, his rights under title II of the act would be preserved.

Sincerely yours,

OVETA CULP HOBBY.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LEHMAN. Mr. President, I call up my amendment 8–3–54–A. I waive the reading of the amendment.

The VICE PRESIDENT. Without objection the amendment in the nature of a substitute offered by the Senator from New York will be printed in the RECORD.

The amendment in the nature of a substitute offered by Mr. LEHMAN was to strike out all after the enacting clause and insert the following:

That this act may be cited as the "Social Security Amendments of 1954."

STATEMENT OF PURPOSE

SEC. 2. The Congress hereby finds and declares that, to promote the general welfare of the people of the United States, measures are needed to expand and improve the national social insurance program so that it will—

(1) permit all gainfully occupied individuals to maintain their self-reliance and self-respect and build up their future security through benefits based on their own contributions and those of their employers;

(2) provide benefit amounts reasonably related to the wage or self-employment income that had determined an individual's standard of living, and to the current wage levels prevailing throughout the Nation;

(3) acknowledge individual effort, skill, and responsibility by the payment of variable benefit amounts related to past earnings, years of contributions, and the number of persons dependent on the individual's earnings;

(4) spread the risk of income loss arising from sickness and disability, as well as from old age and death, that the occurrence of these events may not impose an overwhelming burden on the families affected; and

(5) reduce the number of cases in which individuals or their families must resort to public assistance.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

EXTENSION OF COVERAGE

DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5)."

(2) Section 209 (g) of such act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5)."

(3) Section 209 (h) of such act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer is any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50."

(4) Section 210 (a) (1) of such act is amended to read as follows:

"(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

"(B) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended."

(5) Section 210 (a) of such act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)."

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer."

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal Home Loan Bank," after "a Federal Reserve Bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard."

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority)."

(3) Section 205 (p) (3) of such act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

MINISTERS

(d) (1) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (1) (1) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, education, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissioned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to section 1426 (1) (2) of the Internal Revenue Code, is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section, or (ii) who became an employee of such organization after the certificate was filed and after such period began."

(2) Section 211 (c) of such act is amended by striking out paragraph (4).

(3) Nothing in subsection (a) of section 210 of the Social Security Act, as amended by this act, or in subsections (b) and (l) of section 1426 of the Internal Revenue Code, as so amended, shall be construed to mean that any minister is an employee of an organization for any purpose other than the purposes of such sections.

FISHING AND RELATED SERVICE

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such act, as paragraphs (14) and (15), respectively.

HOMEWORKERS

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed."

FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross recepits from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer."

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber or the disposal of timber or coal."

(4) Section 211 (c) of such act is amended by striking out paragraph (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

COAL ROYALTIES

(h) Paragraph (4) of section 211 (a) of the Social Security Act is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal."

EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(i) (1) (A) Section 218 (d) of such act is amended by striking out "Exclusion of" in heading, by inserting "(1)" after "(d)", and by adding at the end thereof the following sentence: "The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system."

(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and inserting in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A), and except in the case of positions excluded by paragraph (5) (A))."

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions cov-

ered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)) if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Not less than ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) A majority of the eligible employees voted in such referendum; and

"(F) Two-thirds or more of the employees who voted in such referendum voted in favor of including service in such positions under an agreement under this section.

An employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the 2-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than 1 year after the last previous referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreements already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term "institutions of higher learning' includes junior colleges and teachers' colleges."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

(6) Section 218 (f) of such act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)."

(8) Section 218 of such act is further amended by adding at the end thereof the following new subsection:

"CERTAIN POSITIONS NO LONGER COVERED BY RETIREMENT SYSTEMS

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof as may be appropriate, taken prior to the date of the enactment of this subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection, other than paragraph (1) (B), shall take effect January 1, 1955.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS AND CERTAIN STATE INSPECTORS

(j) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered

into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (not withstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

(3) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

Certain employees of the State of Utah

(k) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (g) (8) of this section) the following new subsection:

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

(l) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective, shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such act as in effect prior to the enactment of this act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this act or as amended by this act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such act; or

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this act shall be applicable.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

(3) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(m) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (l) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (e) of the Internal Revenue Code of 1954, with respect to such subsidiary;".

SERVICE IN THE UNIFORMED SERVICES

(n) The term "employment" shall, notwithstanding the provisions of subsection (a) of this section, include service performed by an individual as an employee of the United States, if such service is performed by him after 1954 as a member of any of the uniformed services of the United States on active duty or active duty for training; but such term shall not include any such service which is (1) performed pursuant to a call or order to active duty, or active duty for training, which specified a period of less than 30 days, or (2) performed by a commissioned officer of the Public Health Service during a period during which he is both on detail pursuant to subsection (b) of section 214 of the Public Health Service Act (42 U. S. C. 215) and on leave without pay pursuant to subsection (d) of such section, or (3) performed by a commissioned officer in the Reserve Corps of the Public Health Service and is covered by the Civil Service Retirement Act of 1930.

MEMBER OF UNIFORMED SERVICES

(o) The term "member" in the phrase "member of any of the uniformed services" and the term "uniformed services" shall have the meanings assigned to such terms by section 102 of the Career Compensation Act of 1949 (37 U. S. C. 231).

AMENDMENTS TO PROVISIONS RELATING TO CREDIT FOR WORLD WAR II AND LATER SERVICE

(p) (1) Clause (B) of section 217 (e) (1) of such act is amended by striking out "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments)" and inserting in lieu thereof "(other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments and other than a benefit payable in a lump sum unless it is a Readjustment Assistance Act of 1952)."

(2) Clause (B) of subsection (a) (1) of section 217 of such act and clause (B) of subsection (e) (1) of such section are each amended by striking out "(other than the Veterans' Administration)" and inserting in lieu thereof "(other than the Veterans' Administration and, in the case of an individual who performs service in employment as defined in subsection (m) of section 210, other than any of the uniformed services)."

(3) So much of subsection (a) (1) of section 217 of such act as follows clause (B) thereof and so much of subsection (e) (1) of such section as follows clause (B) thereof are each amended by striking out "$0.50" and inserting in lieu thereof "$1.00."

(4) The amendments made by paragraphs (1) and (3) of this subsection shall be applicable only in the case of applications for lump-sum death payments and for monthly benefits under section 202 of the Social Security Act filed after December 1953.

SPECIAL INSURED STATUS FOR SERVICEMEN WITHOUT PRIOR INSURED COVERAGE

(q) Section 214 of the Social Security Act is amended by adding after subsection (b) the following new subsection:

"SPECIAL INSURED STATUS FOR SERVICEMEN

"(c) (1) Any individual who dies after December 1953 while on active duty or active duty for training as a member of a uniformed service (except an individual whose services are excluded from the term 'employment' by section 210 (m)) shall be deemed to have died a fully and currently insured individual.

"(2) There are hereby authorized to be appropriated to the trust fund from time to time, as benefits under this title become payable by reason of paragraph (1) such sums as the Secretary estimates to be necessary to meet the additional costs, resulting from paragraph (1), of such benefits (including lump-sum death payments). Such estimates shall be arrived at through the use of

appropriate accounting, statistical, sampling, or other methods."

EFFECTIVE DATES

(r) The amendment made by subsection (h) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by (c) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The other amendments made by this section (other than the amendments made by subsections (i), (j), (k), and (m)) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by paragraph (2) of subsection (d) shall be effective with respect to net earnings from self-employment derived after 1954. The amount of net earnings from self-employment derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, net earnings from self-employment so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

INCREASE IN BENEFIT AMOUNTS

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

"PRIMARY INSURANCE AMOUNT

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) (i) Fifty-five percent of the first $110 of his average monthly wage, plus 20 percent of the next $390, plus (ii) one-half of 1 percent of the amount computed under clause (i) multiplied by the number of his years of coverage after his starting date (determined under subsection (b) (2)) and prior to the year in which he filed his application with respect to which the computation is being made, or, if he has died, the year in which he died; or

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

"(b) (1) An individual's 'average monthly wage' shall be the product obtained by multiplying his average earnings by his regularity-of-service factor. An individual's 'average earnings' means—

"(A) in the case of an individual who has more than 14 years of coverage after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), the quotient obtained by dividing (i) the total of his wages and self-employment income in the 10 consecutive years of coverage, occurring between such dates, during which such total was the largest, by (ii) 120, not counting in determining an individual's consecutive years of coverage, any year which was not a year of coverage;

"(B) in the case of an individual who has less than 15 years of coverage after his starting date and prior to his closing date, the quotient obtained by dividing (i) the total of his wages and his self-employment income after his starting date and prior to his closing date, by (ii) 120 or, if smaller, the number of months elapsing after his starting date and prior to his closing date (excluding from such elapsed months any month in any year prior to the year in which he attained the age of 22 if less than 2 quarters of such prior year were quarters of coverage), except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than 18, it shall be increased to 18.

An individual's regularity-of-service factor is the quotient obtained by dividing—

"(C) ten, or the number of his years of coverage after his starting date and prior to his closing date, whichever is larger, by

"(D) the number of years elapsing after his starting date and prior to his closing date, excluding the years 1951 to 1954, both inclusive, except that, if the quotient thereby obtained is greater than 1, it shall be reduced to 1, and except that, if an individual's closing date occurred prior to the year in which he attained (or would, but for his death prior thereto, have attained) the age of 23, such quotient shall be 1.

'A year of coverage' means a calendar year in which the sum of the wages paid to an individual and his self-employment income credited to such year is not less than $200.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of 21,

whichever results in the higher primary insurance amount.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher primary insurance amount:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher primary insurance amount for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average earnings under paragraph (1) (B). The maximum number of calendar years determined under the first sentence of this paragraph shall be 5 instead of 4 in the case of any individual who has not less than 20 quarters of coverage."

(c) Subsection (c) of such section is amended to read as follows:

"DETERMINATIONS MADE BY USE OF THE CONVERSION TABLE

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I	II	III	IV
"If the primary insurance benefit (as determined under subsection (d)) is—	Or the primary insurance amount (as determined under subsection (d)) is—	The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	And the average monthly wage for purposes of computing maximum benefits shall be—
$10	$25.00	$35.00	$55.00
$11	27.00	36.00	58.00
$12	29.00	37.00	62.00
$13	31.00	38.00	65.00
$14	33.00	39.00	69.00
$15	35.00	40.00	73.00
$16	36.70	41.70	76.00
$17	38.20	43.20	79.00
$18	39.50	44.50	81.00
$19	40.70	45.70	83.00
$20	42.00	47.00	85.00
$21	43.50	48.50	88.00
$22	45.30	50.30	91.00
$23	47.50	52.50	95.00
$24	50.10	55.10	100.00
$25	52.40	57.40	104.00
$26	54.40	59.40	108.00
$27	56.30	61.30	114.00
$28	58.00	63.00	123.00
$29	59.40	64.60	130.00
$30	60.80	66.30	139.00
$31	62.00	68.20	147.00
$32	63.30	70.00	155.00
$33	64.40	71.70	163.00
$34	65.50	73.30	170.00
$35	66.60	74.90	177.00
$36	67.80	76.50	185.00
$37	68.90	78.10	193.00
$38	70.00	79.70	200.00
$39	71.00	81.30	207.00
$40	72.00	82.70	213.00
$41	73.10	84.20	221.00
$42	74.10	85.60	227.00
$43	75.10	87.10	234.00
$44	76.10	88.50	241.00
$45	77.10	89.80	250.00
$46	77.10	89.80	250.00
	77.20	89.80	250.00
	77.30	89.80	250.00
	77.40	89.90	250.00
	77.50	89.90	250.00
	78.00	91.10	253.00
	79.00	92.40	260.00
	80.10	93.70	267.00
	81.00	94.90	273.00
	82.00	96.00	280.00
	83.10	97.10	287.00
	84.00	98.00	293.00
	85.00	99.00	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount

determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $8 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(B) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than $77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of $0.10, to the next higher multiple of $0.10, and (iii) by further increasing such amount to the extent, if any, it is less than $8 greater than such primary insurance amount.

"(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is 1 cent or 2 cents more or less than its actual amount.

"(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of $1, it shall be rounded to the nearest multiple of $1 (or to the next higher multiple of $1 if it is a multiple of $0.50)."

(d) (1) The heading of subsection (d) of such section is amended to read "Primary Insurance Benefit and Primary Insurance Amount for Purposes of Conversion Table."

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting "and the primary insurance amounts" after "primary insurance benefits."

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting "(except an individual who attained age 22 after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)" after "individual."

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this act, the following new paragraph:

"(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the social security amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability), shall, to the extent provided by such sections, be applicable to such computation."

(e) (1) Section 215 (e) of such act is amended by striking out "and" at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

"(3) if an individual's closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C); and."

(2) Section 215 (f) (2) of such act is amended to read as follows:

"(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

"(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

"(ii) he has wages and self-employment income of more than $1,200 in a calendar year which occurs after 1953 (not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective) and after the year in which he became (without the application of section 202 (j) (1) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (B) or 102 (f) (2) (B) of the social security amendments of 1954, whichever of such events is the latest, and

"(iii) he filed such application no earlier than 6 months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the 12th month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual's self-employment income shall be allocated to calendar quarters in accordance with section 212.

"(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable."

(3) (A) Section 215 (f) (3) of such act is amended to read as follows:

"(3) (A) Upon application by an individual—

"(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after August 1954, or

"(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the social security amendments of 1954, or

"(iii) whose primary insurance amount was recomputed as provided in the first sentence of paragraph (2) (B) of this subsection on the basis of an application filed after August 1954,

the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the 24th month before the month in which the application for such recomputation is filed. In the case of an individual who dies after August 1954—

"(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

"(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the 24th month before the month in which the application for such recomputation is filed."

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

"(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has

self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year, taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

(4) Section 215 (f) (4) of such act is amended to read as follows:

"(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in sec. 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in sec. 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

(5) (A) In the case of any individual who, upon filing application therefor before September 1954, would (but for the provisions of sec. 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such act as in effect prior to the enactment of this act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as provided in subsection (a) (2) of section 215 of the Social Security Act, as amended by this act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed, or if the individual died without filing the application for recomputation, the month in which he died, were deemed to be the month in which he became entitled to old-age insurance benefits. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits.

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this act on the basis of an application filed after August 1954, or who died after such month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of 75 prior to September 1954,

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he has died, in the month in which he died. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits. An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this act only if (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such act, as amended by this act, with a starting date of December 31, 1954, and a closing date of July 1, 1956, but only if it would result in a higher primary insurance amount. For the purposes of section 215 (f) (3) (C) of such act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956, closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of $2,100, be reduced to such amount.

(7) Section 203 (a) of such act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than $50 and exceeds (1) 80 percent of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 percent of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than $50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 percent of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than $200, such total shall, notwithstanding the provisions of such sentence, be reduced to $200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to September 1954, the provisions of section 215 (f) (3) as in effect prior to the enactment of this act shall be applicable as though this act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after August 1954.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits for months after August 1954, and the lump-sum death payment in the case of death after August 1954, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after August 1954, or (ii) who dies after August 1954 and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such act), or (v) who

files an application for a disability determination which is accepted as an application for purposes of section 216 (i) of such act, or (vi) who dies after August 1954 and whose survivors are (or would, but for the provisions of section 215 (f) (6) of such act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such act, as amended by this act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for August 1954, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after August 1954, by him, or if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective (i) if the application is filed by such individual, for and after the 12th month before the month in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's 6th quarter of coverage acquired after June 30, 1953, or (ii) if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after August 1954, or who dies after August 1954 without becoming entitled to such benefits, or who files an application after August 1954 and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after August 1954.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (e)) or by reason of subparagraph (B) of paragraph (2) of this subsection shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

(g) Effective September 1, 1954, section 2 (c) (2) (B) of the Social Security Act amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after August 1954."

(h) (1) Where—

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such act for August 1954;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this act,

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this act, for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act amendments of 1952 for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month. (2) Where—

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such act for August 1954 on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this act,

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall, for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such act, as amended by this act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this act, plus $10.

(i) Section 202 of such act is amended by inserting after subsection (l) the following new subsection:

"MINIMUM SURVIVOR'S OR DEPENDENT'S BENEFIT

"(m) In any case in which the benefit of any individual for any month under this section (other than subsec. (a)), is, prior to reduction under subsection (k) (3), less than $35 and no other individual is (without the application of sec. 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to $35."

AMENDMENTS RELATING TO RETIREMENT TEST

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which such individual is under the age of 72 and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or."

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by par. (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of 72 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or."

(b) (1) Section 203 (c) of such act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of 72 and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or."

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by par. (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of 72 and on 7 or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such act is amended to read "Months to Which Earnings Are Charged."

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of 12 months are not more than $1,200, no month in such year shall be charged with any earnings. If an individual's earnings for a taxable year of less than 12 months are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of 12 months are in excess of $1,200, the amount of his earnings in excess of $1,200 shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the

balance, if any, of such excess shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than 12 months are more than the product of $100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first $80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of $80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age 72 or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than $80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than $80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net loss from self-employment for purposes of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211 shall be applicable; and any excess of deductions over income so resulting from such a computation shall be his net loss from self-employment.

"(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in section 209 (a).

"(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year."

(e) Section 203 (f) of such act is amended to read as follows:

"PENALTY FOR FAILURE TO REPORT CERTAIN EVENTS

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to 1 month's benefit even though the failure to report is with respect to more than 1 month."

(f) (1) The heading of section 203 (g) of such act is amended to read "Report of Earnings to Secretary."

(2) The first sentence of paragraph (1) of section 203 (g) of such act is amended to read as follows: "If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of $100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year."

(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two."

(4) Paragraph (2) of such section 203 (g) is amended to read as follows:

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

"(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

"(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202:

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded."

(5) Paragraph (3) of such section 203 (g) is amended by striking out "subsection (b) (2)" each time it appears and inserting in lieu thereof "subsection (b) (1)"; by striking out "net earnings from self-employment" each time it appears and inserting in lieu thereof "earnings"; by striking out "such net earnings" and inserting in lieu thereof "such earnings"; and by adding at the end of such paragraph the following new sentence: "If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual's benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year."

(6) The heading of section 203 (j) of such act is amended by striking out "Seventy-five" and inserting in lieu thereof "Seventy-two" and such section is amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two."

(g) Section 203 of such act is amended by adding at the end thereof the following new subsection:

"NONCOVERED REMUNERATIVE ACTIVITY OUTSIDE THE UNITED STATES

"(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term 'United States' does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term 'trade or business' shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954."

(h) Section 203 of such act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

"GOOD CAUSE FOR FAILURE TO MAKE REPORTS REQUIRED

"(l) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary."

EXTRA CREDIT FOR POSTPONED RETIREMENT

(i) Section 202 (a) of the Social Security Act is amended to read as follows:

"OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFIT PAYMENTS

"OLD-AGE INSURANCE BENEFITS

"SEC. 202. (a) (1) Every individual who—

"(A) is a fully insured individual (as defined in section 214 (a)),

"(B) has attained retirement age (as defined in section 216 (a)), and

"(C) has filed application for old-age insurance benefits, or was entitled to rehabilitation insurance or permanent and total disability insurance benefits for the month preceding the month in which he attained retirement age,

shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the month preceding the month in which he dies.

"(2) Such individual's old-age insurance benefit for any month after 1954 shall be equal to his primary insurance amount for such month plus one-sixth of 1 percent of such primary insurance amount for each month (a) which occurs (i) after 1954, (ii) after the day before the first month in which he is eligible for old-age insurance benefits, and (iii) prior to the month in which he files application for old-age insurance benefits, and (b) during which either he is not entitled to any monthly benefit under section 202 or an event specified in clause (1) or (2) of section 203 (b) occurs. For purposes of this paragraph an individual shall be deemed eligible for old-age insurance benefits in the first month in which he is both fully insured and has attained retirement age."

(j) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

(2) No deduction shall be imposed on or after the date of the enactment of this act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date); and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this act, to the extent they are in effect with respect to months after 1954, are each amended by striking out "75" and inserting in lieu thereof "72," but only with respect to such months after 1954.

INCREASE IN EARNINGS COUNTED

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $6,000 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year."

(b) Paragraph (1) of subsection (b) of section 211 of such act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) $6,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal $3,600 in the case of a calendar year after 1950 and before 1955, of $6,000 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $6,000 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;".

(d) Paragraph (1) of section 215 (e) of such act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, and the excess over $6,000 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);

RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth."

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to February 1954.

REHABILITATION SERVICES AND DISABILITY BENEFITS

SEC. 106. There are hereby added to the Social Security Act, as amended, the following new sections designated as sections 220, 221, and 222, to follow section 219.

"REHABILITATION SERVICES, REHABILITATION INSURANCE BENEFITS, AND PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"REHABILITATION SERVICES

"SEC. 220. (a) (1) Every disabled individual who—

"(A) (i) is under a long-term total disability (as defined in subsection (e) (2));

"(ii) has not attained retirement age at the time he is accepted for rehabilitation services under this subsection;

"(iii) has filed application for rehabilitation insurance benefits or permanent and total disability insurance benefits; and

"(iv) is insured under the provisions of subsection (f); or

"(B) is entitled to benefits under section 202 (d) (1) (B), may be given rehabilitation services, provided the State rehabilitation agency (as defined in subsection (e) (6)) through which the services are given certifies that such individual appears to be rehabilitable into substantially gainful activity, and that the services undertaken or planned are necessary therefor. For the purposes of this paragraph, rehabilitation services may include the types of services provided under the Vocational Rehabilitation Act (29 U. S. C., ch. 4), including determination of the feasibility of the individual's rehabilitation and the costs of any books and other training material, but excluding any payments for his maintenance. Continuation of such services to an individual shall be contingent upon periodic certification (at least every 6 months) by the State rehabilitation agency through which the services are provided that such individual appears to be rehabilitable into substantially gainful activity, and that the services undertaken or planned are necessary therefor.

"(2) Such services shall be provided through utilization of the services and facilities of State rehabilitation agencies. In providing or securing rehabilitation services, State rehabilitation agencies shall follow such policies and standards as may be issued by the Secretary after consultation with the Advisory Council on Rehabilitation Services and Disability Insurance (as provided in subsection (i)). State rehabilitation agencies providing or securing such rehabilitation services shall be paid for the cost thereof, including necessary administrative costs, either in advance or by way of reimbursement, as may be mutually agreed upon and prior to action thereon by the General Accounting Office.

"(3) There is hereby authorized to be appropriated from the trust fund such amount as may be necessary to provide such rehabilitation services.

"REHABILITATION INSURANCE BENEFITS

"(b) Every disabled individual who—

"(1) is under a long-term total disability;

"(2) has not attained retirement age;

"(3) has been under a long-term total disability throughout his waiting period (as defined in subsection (e) (1));

"(4) is insured under the provisions of subsection (f);

"(5) is certified by a State rehabilitation agency as being an individual who appears to be rehabilitable into substantially gainful activity, or is awaiting evaluation by such agency;

"(6) has not, without good cause, failed to accept rehabilitation evaluation and training; and

"(7) has filed application for rehabilitation insurance benefits.

shall be entitled to a rehabilitation insurance benefit for each month, beginning with July 1954, or with the first month after his waiting period, whichever is later, in which he becomes so entitled to rehabilitation insurance benefits and ending with the month preceding the first month in which any of the following occurs: He ceases to be under a long-term total disability; he fails, without good cause, to accept rehabilitation evaluation and training; he becomes entitled to a permanent and total disability insurance benefit; he dies; or he attains retirement age. Such individual's rehabilitation insurance benefit for any month shall be equal to his primary insur-

ance amount (as defined in section 215) for such month.

"PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"(c) Every individual who—

"(1) is under a permanent and total disability (as defined in subsection (e) (3));

"(2) has not attained retirement age;

"(3) has served a waiting period in connection with his current disability throughout which he has been under a long-term total or permanent and total disability;

"(4) is insured under the provisions of subsection (f);

"(5) has been certified by a State rehabilitation agency as being an individual for whom rehabilitation into substantially gainful activity is unlikely;

"(6) has not, without good cause, failed to accept rehabilitation evaluation and training; and

"(7) has filed application for permanent and total disability insurance or rehabilitation insurance benefits, shall be entitled to a permanent and total disability insurance benefit for each month beginning with July 1954, or with the first month following the month in which conditions in paragraph (1) through (7) of this subsection are met, whichever is later, and ending with the month preceding the first month in which any of the following occurs: He ceases to be under a permanent and total disability, dies, or attains retirement age. Such individual's permanent and total disability insurance benefit for any month shall be equal to his primary insurance amount (as defined in sec. 215) for such month.

"OTHER CONDITIONS OF ENTITLEMENT

"(d) (1) An individual who would have been entitled to rehabilitation insurance or permanent and total disability insurance benefits for any month had he filed application therefor prior to the end of such month shall be entitled to such benefits for such month if he files application therefor prior to the end of the sixth month succeeding such month.

"(2) No application for rehabilitation insurance or permanent and total disability insurance benefits filed prior to 7 months before the first month for which the applicant becomes entitled to receive such benefits shall be accepted as an application for purposes of this section and no such application which is filed prior to April 1954 shall be accepted.

"DEFINITION OF 'WAITING PERIOD,' 'LONG-TERM TOTAL DISABILITY,' 'PERMANENT AND TOTAL DISABILITY,' 'BLINDNESS,' 'PERIOD OF DISABILITY,' AND 'STATE REHABILITATION AGENCY'

"(e) For the purpose of this title—

"(1) The term 'waiting period' means the period beginning with the first calendar month of the individual's period of disability (as defined in paragraph (5) of this subsection), and ending at the expiration of the fifth calendar month following such month.

"(2) The term 'long-term total disability' means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which appears likely to be of long-continued and indefinite duration, or (B) blindness.

"(3) The term 'permanent and total disability' means (A) inability to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which is expected to be permanent, or (B) blindness.

"(4) The term 'blindness' means central visual acuity of 5/200 or less in the better eye with correcting lens. An eye in which the visual field is reduced to 5 degrees or less concentric contraction shall be considered for the purposes of this subsection as having a central visual acuity of 5/200 or less.

"(5) (A) As used in this title, the term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this paragraph) during which an individual was under a long-term total or permanent and total disability. No such period with respect to any such disability or disabilities shall begin as to any individual unless such individual while under such long-term total or permanent and total disability filed an application for benefits under subsections (b) or (c). Except as provided in subparagraph (B), a period of disability shall begin with the month in which the long-term total or permanent and total disability began or with the 1st day of the 13th month prior to the month in which individual files such application, whichever first occurs, but only if such individual is insured under the provisions of subsection (f) in such month; if such individual was not insured under the provisions of subsection (f) in such month, the period of disability shall begin on the first day of the first quarter thereafter in which he is so insured. A period of disability shall end with the close of the last day of the month in which (i) the individual ceases to be entitled to a rehabilitation insurance or permanent and total disability insurance benefit, (ii) he dies, or (iii) he attains retirement age, whichever first occurs.

"(B) If an individual files an application for benefits under subsection (b) or (c) after March 1954 and before January 1956, with respect to a long-term total or permanent and total disability which began before April 1954 and continued without interruption until such application was filed, then the period of disability shall begin with the month in which such long-term total or permanent and total disability began, but only if he was insured under subsection (f) in such month; if such individual was not insured under the provisions of subsection (f) in such month, the period of disability shall begin on the first day of the first quarter thereafter in which he was so insured.

"(6) The term 'State rehabilitation agency' means the agency administering a rehabilitation plan approved under the Vocational Rehabilitation Act, and in the Virgin Islands, the agency charged with providing rehabilitation services pursuant to an agreement between the Administrator and the Governor of the Virgin Islands; in any State, Territory, or possession where more than one such agency operates, the term means the one such agency designated by the Secretary.

"DISABILITY INSURED STATUS

"(f) An individual is insured for purposes of subsections (a), (b), (c), and (e) with respect to any quarter only if he has not less than—

"(1) six quarters of coverage (as defined in section 213 (e) (2)) during the 13-quarter period which ends with such quarter; and

"(2) twenty quarters of coverage during the 40-quarter period which ends with such quarter,

not counting as part of the 13-quarter period specified in paragraph (1), or the 40-quarter period specified in paragraph (2), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"REDUCTION OF BENEFIT

"(g) (1) Where a rehabilitation insurance benefit or a permanent and total disability insurance benefit is payable to any individual under this section and a workmen's compensation benefit or benefits have been or are paid to such individual on account of the same disability for the same month, such individual's rehabilitation insurance benefit or permanent and total disability insurance benefit under this section for such month shall, prior to any deductions under section 221, be reduced by one-half, or by an amount equal to one-half of such workmen's compensation benefit or benefits, whichever is the smaller.

"(2) In case the rehabilitation insurance benefit or the permanent and total disability insurance benefit of any individual under this section is not reduced as provided in paragraph (1) because such benefit is paid prior to the payment of the workmen's compensation benefit, the reduction shall be made by deductions, at such time or times and in such amounts as the Secretary may determine, from any payments under this title payable on the basis of the wages and self-employment income of such individual.

"(3) If the workmen's compensation benefit is payable on other than a monthly basis (excluding a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments), reduction of the rehabilitation insurance benefits or the permanent and total disability insurance benefits under this subsection shall be made in such amounts as the Secretary finds will approximate, as nearly as practicable, the reduction prescribed in paragraph (1).

"(4) In order to assure that the purposes of this subsection will be carried out, the Secretary may, as a condition to certification for payment of any rehabilitation insurance benefit or permanent and total disability insurance benefit payable to an individual under this section (if it appears to him that there is a likelihood that such individual may be eligible for a workmen's compensation benefit which would make necessary a reduction under this subsection), require adequate assurance of reimbursement to the trust fund in case a workmen's compensation benefit, with respect to which such a reduction should be made, becomes payable to such individual and such reduction is not made.

"(5) For purposes of this subsection, the term 'workmen's compensation benefit' means a cash benefit, allowance, or compensation payable under any workmen's compensation law or plan of the United States or of any State.

"COOPERATION WITH AGENCIES AND GROUPS

"(h) The Secretary is authorized to secure the cooperation of appropriate agencies of the United States, of States, or of the political subdivisions of States and the cooperation of private medical, dental, hospital, nursing, health, educational, and social welfare groups or organizations, and where necessary to enter into voluntary working agreements with any of such public or private agencies, organizations, or groups in order that their advice and services may be utilized in the efficient administration of this section.

"ADVISORY COUNCIL ON REHABILITATION SERVICES AND DISABILITY INSURANCE

"(i) (1) There is hereby established an Advisory Council on Rehabilitation Services and Disability Insurance (hereinafter called the 'Council') for the purpose of consulting with the Secretaries on policies and standards governing the furnishing of rehabilitation services and determinations of disability, and policies to further the employment of disabled beneficiaries. The Council shall consist of the Commissioner of Social Security who shall serve as Chairman, the Surgeon General of the Public Health Service, the Director of the Office of Vocational Rehabilitation, the Director of the Bureau of Old-Age and Survivors Insurance, the Director of the Bureau of Employment Security, and 12 persons appointed by the Secretary without regard to the civil-service laws. Such appointed members shall represent employers, employees, the disabled, the medical profession, the rehabilitation profession, and the public. The annual report of the Secretary shall include a record of consultations with the Council.

"(2) Each appointed member shall hold office for a term of 3 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for

which his predecessor was appointed shall be appointed for the remainder of that term, and except that, of the members first appointed, 4 shall hold office for a term of 1 year, 4 shall hold office for a term of 3 years, as designated by the Secretary at the time of appointment. Appointed members of the Council, while serving on business of the Council (inclusive of travel time), may receive $50 per diem as well as actual and necessary traveling expenses in lieu of subsistence while so serving away from their places of residence. The Council shall be provided by the Secretary with such staff assistance and secretarial and other personnel as may be required for carrying out its functions. The Council shall meet as frequently as the Secretary deems necessary, but not less than twice a year. The Council also shall meet whenever six of its appointed members request a meeting.

"TERMINATION OF PERIOD OF DISABILITY BY SECRETARY

"(j) In any case in which an individual has failed to submit himself for examination or reexamination in accordance with regulations of the Secretary, the Secretary may find, solely because of such failure, that such individual is not under a disability or that his disability (previously determined to exist) has ceased. The Secretary may find that an individual is not under a disability or that his disability (previously determined to exist) has ceased if the Secretary finds that such individual cannot be located after reasonable efforts to communicate with him have been made or if such individual is outside the United States and the Secretary finds that adequate arrangements have not been made for determining or redetermining such individual's disability.

"DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"(k) The provisions of this title relating to periods of disability shall not apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under section 202 of this title, or in the case of any monthly benefit or lump-sum death payment under such section 202 if such benefit or payment would be greater without their application; except that the provisions of this section shall not render erroneous the payment of any benefit under section 220.

"SAFEGUARDING DOCTOR-PATIENT RELATIONSHIP

"(l) No individual without his consent shal be required by the Secretary to undergo a physical examination to establish the facts as to his disability, but an individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients or to exercise any supervision or control over the administration or operation of any hospital.

"DEDUCTIONS FROM REHABILITATION INSURANCE AND PERMANENT AND TOTAL DISABILITY INSURANCE BENEFITS

"EVENTS FOR WHICH DEDUCTIONS ARE MADE

"SEC. 221. (a) Deductions, in such amounts and at such time or times as the Secretary shall determine, shall be made from any payment or payments under section 220 to which an individual is entitled, until the total of such deductions equals such individual's benefit under section 220 for any month—

"(1) in which such individual rendered services as an employee (whether or not such services constitute employment as defined in sec. 210) for remuneration of more than $100; or

"(2) for which such individual is charged, pursuant to the provisions of subsection (c) of this section, with net earnings from self-employment (as determined pursuant to subsec. (d)) of more than $100; or

"(3) in which such individual fails to submit himself for examination in accordance with regulations of the Secretary; or

"(4) in which such individual without good cause fails to accept rehabilitation evaluation and training; or

"(5) in which such individual is outside the United States if the Secretary finds that adequate arrangements have not been made for determining or redetermining the existence of such individual's disability;

except that the provisions of paragraphs (1) and (2) of this subsection shall not apply in the case of an individual entitled to rehabilitation insurance benefits for the first 3 months in which such individual either rendered services as an employee for remuneration of more than $100 or for which such individual is charged with net earnings from self-employment of more than $100.

"OCCURRENCE OF MORE THAN ONE EVENT

"(b) If more than one event occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.

"MONTHS TO WHICH NET EARNINGS FROM SELF-EMPLOYMENT ARE CHARGED

"(c) For the purposes of subsection (a) (2) of this section—

"(1) if an individual's net earnings from self-employment for his taxable year are not more than the product of $100 times the number of months in such year, no month in such year shall be charged with more than $100 of net earnings from self-employment;

"(2) if an individual's net earnings from self-employment for his taxable year are more than the product of $100 times the number of months in such year, each month of such year shall be charged with $100 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first $100 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of $100 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under section 220, (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (a) occurred, or (C) in which such individual did not engage in self-employment;

"(3) (A) as used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clause (A) or (B) thereof.

"(B) for the purposes of clause (C) of paragraph (2), an individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"SPECIAL RULE FOR COMPUTATION OF NET EARNINGS FROM SELF-EMPLOYMENT

"(d) For the purposes of this section, an individual's net earnings from self-employment for any taxable year shall be computed as provided in section 211 with the following adjustments:

"(1) Such computation shall be made without regard to the provisions of paragraphs (1), (4), and (5) of subsection (c) of section 211; and

"(2) Such computation shall be made without regard to the provisions of sections 116, 212, 213, 251, and 252 of the Internal Revenue Code.

"PENALTY FOR FAILURE TO REPORT CERTAIN EVENTS

"(e) Any individual in receipt (on behalf of himself or another individual) of benefits subject to deduction under subsection (a) because of the occurrence of an event specified therein (other than an event described in paragraph (2) thereof) shall report such occurrence to the Secretary prior to the receipt and acceptance of such benefits for the second month following the month in which such event occurred. If such individual knowingly fails to report any such occurrence, an additional deduction equal to that imposed under such subsection shall be imposed, except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to 1 month's benefit even though the failure to report is with respect to more than 1 month.

"REPORT TO SECRETARY OF NET EARNINGS FROM SELF-EMPLOYMENT

"(f) If an individual is entitled to any disability insurance benefit during any taxable year in which he has net earnings from self-employment in excess of $100 times the number of months in such year, such individual (or the individual in receipt of such benefit on his behalf) shall make a report to the Secretary of his net earnings from self-employment for such taxable year. Such report shall be made on or before the 15th day of the 3d month following the close of such year, and shall contain such information and be made in such manner as the Secretary may by regulations prescribe. If the individual fails within the time prescribed above to make such report of his net earnings from self-employment for any taxable year and any deduction is imposed under subsection (a) (2) of this section by reason of such net earnings—

"(A) such individual shall suffer one additional deduction in an amount equal to his benefit for the last month in such taxable year for which he was entitled to a disability insurance benefit; and

"(B) if the failure to make such report continues after the close of such taxable year, such individual shall suffer an additional deduction in the same amount for each month during all or any part of which such failure continues after such fourth month; except that the number of the additional deductions required by this paragraph shall not exceed the number of months in such taxable year for which such individual received and accepted disability-insurance benefits and for which deductions are imposed under subsection (a) (2) by reason of such net earnings from self-employment. If more than one additional deduction would be imposed under this paragraph with respect to a failure by an individual to file a report required by this paragraph and such failure is the first for which any additional deduction is imposed under this paragraph, only one additional deduction shall be imposed with respect to such first failure.

"(2) If the Secretary determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to disability-insurance benefits for any taxable year will suffer deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year, the Secretary may, before the close of such taxable year, suspend the

payment for each month in such year (or for only such months as the Secretary may specify) of such benefits payable to him; and such suspension shall remain in effect with respect to the benefits for any month until the Secretary has determined whether or not any deduction is imposed for such month under subsection (a). The Secretary is authorized, before the close of the taxable year of any individual entitled to benefits during such year, to request of such individual that he make at such time or times as the Secretary may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Secretary such other information with respect to such net earnings as the Secretary may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (a) (2) of this section by reason of his net earnings from self-employment for such year.

"DEDUCTIONS FROM BENEFITS TO DEPENDENTS OF A DISABLED INDIVIDUAL

"(g) Deductions shall be made from any wife's or husband's, child's or disabled child's insurance benefit to which a wife, husband, child, or disabled child is entitled under section 202, with respect to the wages or self-employment income of a disabled individual entitled to benefits under section 220, until the total of such deductions equals such wife's, husband's, child's, or disabled child's insurance benefit or benefits for any month in which such disabled individual suffers a deduction under this section."

BENEFITS FOR CERTAIN DISABLED ADULT CHILDREN

SEC. 107. (a) The heading of subsection 202 (d) of such act is amended to read "Child's and Disabled Child's Insurance Benefits."

(b) Paragraph (1) of such subsection is amended to read as follows:

"(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance, rehabilitation insurance, or permanent and total disability insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

(A) (i) has filed application of child's insurance benefits;

(ii) at the time such application was filed was unmarried and had not attained the age of 18; and

(iii) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual's death,

shall be entitled to a child's insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), attains the age of 18, or the individual with respect to whose wages or self-employment income such child's insurance benefits are paid ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age; or

(B) (i) after November 1953, was entitled, or could have become entitled upon filing application therefor, to child's insurance benefits under subparagraph (A) for the month prior to the month in which such child attained the age of 18;

(ii) was under a permanent and total disability (as defined in section 220 (e) (3)) in such month prior to attainment of age 18, which disability has continued since such month and for a period of not less than 6 consecutive calendar months after December 1953;

(iii) has filed proof of being under a permanent and total disability in such month within 1 year after the end of such month;

(iv) has filed application for disabled child's insurance benefits; and

(v) at the time such application was filed was unmarried and had attained the age of 18.

shall be entitled to a disabled child's insurance benefit for such month, beginning with the first month after June 1954, in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle) subsequent to the death of such fully or currently insured individual, or ceases to be under a permanent and total disability, or the individual with respect to whose wages or self-employment income such disabled child's insurance benefits are paid ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age.

(c) Paragraph (2) of such subsection is amended by inserting "or disabled child's" after "child's" wherever it occurs, and "or disabled child" after "child" wherever it occurs.

(d) Paragraphs (1) and (2) of subsection (k) of section 202 of such act are amended by inserting "or disabled child" after "child" wherever it occurs, and "or disabled child's" after "child's" wherever it occurs.

CASH SICKNESS BENEFITS

SEC. 108. Title II of such act is amended by adding after section 221 (added by section 106 of this act) the following:

"CASH SICKNESS BENEFITS

"CONDITIONS OF ENTITLEMENT TO CASH SICKNESS BENEFITS

"SEC. 222. (a) (1) Every individual who—

"(A) is insured under the provisions of subsection (c);

"(B) is not entitled to old-age insurance benefits under section 202 (a), or rehabilitation insurance benefits under section 220 (b), or permanent and total disability insurance benefits under section 220 (c);

"(C) is under a temporary disability (as defined in subsection (e));

"(D) has had a waiting week in his benefit year and after June 30, 1954; and

"(E) has filed an application for cash sickness benefits in accordance with regulations of the Secretary, shall be entitled to a cash sickness benefit for each full week of temporary disability following such waiting week, provided that he has performed no services of any kind for remuneration by an employer during such waiting week or week of temporary disability; except, that if an uninterrupted spell of temporary disability for an individual in a benefit year continues into his next benefit year, the requirement of clause (D) of this paragraph shall not apply with respect to temporary disability occurring within such spell in such new benefit year.

"(2) Any such individual who continues to be under temporary disability for a part of a week in an uninterrupted spell of temporary disability and who meets the requirements of paragraph (1) shall be paid an amount equal to one-seventh of his cash sickness benefit for each day of temporary disability in such part week.

"(3) For purposes of this subsection—

"(A) the term 'week' means a period of 7 consecutive days as defined in regulations of the Secretary;

"(B) the term 'waiting week' means the first period of 7 consecutive days on each of which an individual is under temporary disability in a benefit year; and

"(C) the term 'uninterrupted spell of temporary disability' includes any temporary disability occurring within 21 days following a waiting week or within 21 days following a day with respect to which an individual is entitled to benefits under this subsection.

"AMOUNT OF CASH SICKNESS BENEFITS

"(b) (1) An individual's 'cash sickness benefit' shall, subject to the provisions of subsection (c), be the amount appearing in column B, C, D, or E of the following table as determined by the number of his dependents, on the line on which there appears, in column A, the wage interval which includes the amount of his wages paid in that quarter of his base period in which the total of his wages was highest. For purposes of this paragraph the number of dependents of an individual shall be determined for a benefit year as of the first day of such benefit year:

"Table

"A Highest quarterly wages	B Benefit amount without dependents	C Benefit amount with 1 dependent	D Benefit amount with 2 dependents	E Benefit amount with 3 or more dependents	F Qualifying wages
$130 to $149.99	$8	$9	$9	$9	$260
$150 to $166.99	8	10	10	10	260
$167 to $183.99	8	10	11	11	260
$184 to $207.99	8	10	11	12	260
$208 to $233.99	9	11	12	13	351
$234 to $259.99	10	12	13	14	390
$260 to $285.99	11	14	15	16	429
$286 to $311.99	12	15	16	17	468
$312 to $337.99	13	16	17	19	507
$338 to $363.99	14	17	19	20	546
$364 to $389.99	15	18	20	21	585
$390 to $415.99	16	20	21	23	624
$416 to $441.99	17	21	23	24	663
$442 to $467.99	18	22	24	26	702
$468 to $493.99	19	23	25	27	741
$494 to $519.99	20	24	26	28	780
$520 to $545.99	21	26	28	30	819
$546 to $571.99	22	27	29	31	858
$572 to $597.99	23	28	30	33	897
$598 to $623.99	24	29	32	34	936
$624 to $650.99	25	30	33	35	976
$651 to $678.99	26	32	34	37	1,018
$679 to $707.99	27	33	36	38	1,062
$708 to $737.99	28	34	37	40	1,107
$738 to $768.99	29	35	38	41	1,153
$769 to $800.99	30	36	39	42	1,201
$801 to $833.99	30	38	41	44	1,251
$834 and more	30	39	42	45	1,302

"(2) For purposes of this subsection, the term 'dependent' means, with respect to an individual, an unmarried child (including a stepchild or adopted child) who is under the age of 18 and is living in the same household with such individual or receiving regular contributions toward his support from such individual; and a wife who is living in the same household with such individual and who is not regularly engaged in rendering services for remuneration or in any occupation for profit.

"(3) The maximum of the cash sickness benefits to which an individual shall be entitled in any benefit year shall be an amount equal to 26 times his cash sickness benefit. In the case of any individual who—

"(A) prior to the termination of a continuous spell of disability during part of which he was entitled to cash sickness benefits, reaches the maximum of his cash sickness benefits; or reaches the end of his benefit year and is not an insured individual under subsection (e) for purposes of a new benefit year;

"(B) is not entitled to old-age insurance benefits under section 202 (a); and

"(C) at the beginning of such continuous spell of disability, was insured under the provisions of section 220 (f), he shall, notwithstanding the first sentence of this paragraph, be entitled to cash sickness benefits until such spell ends or has lasted for 6 consecutive calendar months, whichever first occurs.

"DETERMINATION OF INSURED STATUS FOR CASH SICKNESS BENEFITS

"(c) (1) An individual shall be deemed to be insured for purposes of cash sickness benefits under this section if he had been paid wages during his base period totaling not less than the amount in column F of the table in subsection (c) on the line on which, in column A, there appears the wage interval which includes the amount of his wages paid in that quarter of his base period in which the total of his wages was highest; except that if any individual has not been paid such an amount during his base period he shall be deemed insured for purposes of such benefits if he has been paid not less than $260 in his base period, but his cash sickness benefit shall be the amount appearing in column B, C, D, or E, as is appropriate, on the lowest line of which there appears, in column F, the total of his wages in his base period or, if such total falls between two amounts in such column F, on the line of which there appears the smaller of such two amounts in such column. Notwithstanding the foregoing provisions of this paragraph, an individual shall not be deemed to be insured for purposes of such cash sickness benefits unless he has been paid remuneration for employment in at least two quarters of his base period and has been paid wages totaling not less than $130 in the quarter during his base period in which the total of his wages was highest.

"(2) An individual's 'base period' means the four completed calendar quarters immediately preceding the fourth calendar month prior to the month in which his benefit year begins.

"(3) An individual's 'benefit year' means the 1-year period beginning with the day as of which he first filed application under subsection (a) on the basis of which he can become entitled to benefits or receive credit for a waiting week under such subsection, and thereafter the 1-year period beginning with the day as of which he next files such an application for benefits under such subsection after the end of his last preceding benefit year.

"SIMULTANEOUS ENTITLEMENT TO BENEFITS

"(d) (1) In the case of an individual who is entitled for 1 or more weeks in a month to benefits under subsection (a) and is also entitled for such month to any other benefits under this title, he shall be paid for such month only an amount equal to such benefits under subsection (a) or an amount equal to such other benefits, whichever is the higher.

"(2) No payment shall be made to an individual for any week under subsection (a) if he has received or receives any workmen's compensation benefit on account of the same temporary disability for such week or for a month which includes such week.

"(3) In order to assure that the purposes of paragraph (3) will be carried out, the Secretary may, as a condition to certification for payment of benefits under subsection (a) if it appears to him that there is a likelihood that an individual entitled to benefits under such subsection may be eligible, as the result of temporary disability, for workmen's compensation benefit which would give rise to a denial of payment under such paragraph (2), require (A) adequate proof that such individual has taken or will take all steps necessary to secure workmen's compensation benefits with respect to such temporary disability, and (B) adequate assurance of reimbursement to the trust fund in case workmen's compensation benefits, with respect to which such denial of payment should be made, are paid to such individual and payment is not denied under paragraph (2). All amounts paid to the Secretary under this paragraph shall be deposited in the trust fund.

"(4) For purposes of this subsection, the term 'workmen's compensation benefit' means a cash benefit, allowance, or compensation payable under any workmen's compensation law or plan of the United States or of any State.

"DEFINITION OF TEMPORARY DISABILITY

"(e) For the purpose of this section, the term 'temporary disability' means inability of an individual to perform his most recent, customary, or reasonably similar work (as determined in accordance with regulations of the Secretary) by reason of any medically determinable illness, injury, or other impairment.

"EXCLUSIONS FROM COVERAGE FOR CASH SICKNESS BENEFITS

"(f) For the purposes of subsections (b) and (c) of this section, services performed in the employ of the United States Government, or of an instrumentality of the United States which (1) is wholly owned by the United States, or (2) was exempt on December 31, 1950, from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any other provision of law shall not constitute employment."

TECHNICAL PROVISIONS

SEC. 109. (a) (1) The heading of title II of the Social Security Act is amended to read "Title II—Federal Old-Age, Survivors and Disability Insurance Benefits."

(2) The heading of section 201 of such act is amended to read "Federal Old-Age, Survivors and Disability Insurance Trust Fund." Section 201 is further amended by striking out "Federal Old-Age and Survivors Insurance Trust Fund," wherever it appears, and substituting therefor "Federal Old-Age, Survivors and Disability Insurance Trust Fund."

(3) The heading of section 202 of such act is amended to read "Old-Age, Survivors and Disability Insurance Benefit Payments."

(b) Section 202 (b) (1) of such act is amended by inserting after "old-age insurance" wherever it appears: ", rehabilitation insurance or permanent and total disability insurance"; and by inserting after "her husband dies" the words "or ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age,".

(c) Section 202 (c) (1) of such act is amended by inserting after "old-age insurance" wherever it appears: ", rehabilitation insurance or permanent and total disability insurance"; and by inserting after "his wife dies" the words "or ceases to be entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for any reason other than attainment of retirement age,".

(d) Section 214 (a) (2) of such act is amended by striking out "or (B) forty quarters of coverage." and inserting in lieu thereof:

"(B) twenty quarters of coverage within the forty-quarter period ending with the quarter in which he attained retirement age or with any subsequent calendar quarter or ending with the quarter in which he died; or

"(C) forty quarters of coverage;

not counting as an elapsed quarter for the purposes of subparagraph (A), and not counting as part of the 40-quarter period referred to in subparagraph (B) any quarter any part of which is included in a period of disability (as defined in sec. 220 (e) (5)) unless such quarter is a quarter of coverage."

(e) Section 214 (a) of such act is further amended by adding at the end thereof the following new paragraph:

"(4) If an individual upon attainment of retirement age is not, under paragraph (2), a fully insured individual but (were it not for his attainment of retirement age) would have been entitled to a rehabilitation insurance or a permanent and total disability insurance benefit for the month in which he attained retirement age or for any subsequent month, he shall be a fully insured individual beginning with the first month for which he would have been so entitled to disability insurance benefits."

(f) Section 214 (b) of such act is amended by striking out the period at the end thereof and inserting: ", excluding from such 13-quarter period any quarter any part of which is included in a period of disability unless such quarter is a quarter of coverage."

(g) Subsection (c) of section 203 of such act is further amended by inserting "or disabled child's" after "child's" wherever it occurs, and "or disabled child" after "child."

(h) Section 215 (f) of the Social Security Act is amended by renumbering paragraph (6) as paragraph (8), and by inserting after paragraph (5) the following new paragraphs:

"(6) In the case of any individual who became entitled to old-age insurance, rehabilitation insurance or permanent and total disability insurance benefits in 1955 or in a taxable year which began in 1955 (and without the application of sec. 202 (j) (1)), or who died in 1955 or in a taxable year which began in 1955, but did not become entitled to such benefits prior to 1955, and who had self-employment income for a taxable year which ended within or with 1955 or which began in 1955, then upon application filed after the close of such taxable year by such individual or (if he died without filing such application) by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Secretary shall recompute such individual's primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this sections (other than subsec. (b) (4) (A)) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such recomputation shall be effective (A) in the case of an application filed by such individual, for and after the first month in which he became entitled to old-age insurance, rehabilitation insurance or permanent and total disability insurance benefits, and (B) in the case of an application filed by any other person, for and after the month in which such person who filed such applica-

tion for recomputation became entitled to such monthly benefits.

"(7) An individual who—

"(A) became entitled to an old-age insurance benefit for a month prior to July 1954;

"(B) has filed application after March 1954 and prior to January 1956 for a disability recomputation;

"(C) had been under a long-term total disability or a permanent and total disability (as defined in sec. 220 (e)) prior to his attainment of retirement age, which disability has continued uninterruptedly until the time of filing such application; and

"(D) could, but for having reached retirement age, have had a period of disability (as defined in sec. 220 (e) (5));

shall be deemed to have had such a period of disability, and the Secretary shall recompute such individual's primary insurance amount effective July 1954. Recomputation under this paragraph shall be made as provided in section 215 (a) and shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) or under section 215 (d) whichever is applicable had the individual attained retirement age in the first month of such period of disability and filed application for old-age insurance benefits in July 1954."

(i) The amendments made by the preceding subsection of this section shall take effect on April 1, 1954.

(j) In the case of an individual who died or became (without the application of sec. 202 (j) (1) of the Social Security Act) entitled to old-age insurance, rehabilitation insurance, or permanent and total disability insurance benefits in 1955 and with respect to whom not less than 6 of the quarters elapsing after 1950 and prior to the quarter following the quarter in which he died or became entitled to such insurance benefits, whichever first occurred, are quarters of coverage, his wage-closing date shall be the first day of such quarter of death or entitlement instead of the day specified in section 215 (b) (3) of such act, but only if it would result in a higher primary insurance amount for such individual. The terms used in this subsection shall have the same meaning as when used in title II of the Social Security Act.

(k) In the case of an individual who had filed an application for recomputation under section 215 (f) (2) of the Social Security Act in 1955 or in a taxable year which began in 1955 or who died in such year or taxable year before filing such application but who, prior to the end of the month in which he died, met all other conditions specified in such section for a recomputation, and who had self-employment income for a taxable year which ended within or with 1955 or which began in 1955, then upon application filed after the close of such taxable year by such individual or, if he has died, by a person entitled to monthly benefits on the basis of such individual's wages and self-employment income, the Secretary shall further recompute such individual's primary insurance amount. Such further recomputation shall be made in the manner provided in section 215 of such act (other than subsection (b) (4) of such section) for computation of such amount, except that (A) the self-employment income closing date shall be the day following the quarter with or within which such taxable year ended, and (B) the self-employment income for any subsequent taxable year shall not be taken into account. Such further recomputation shall be effective for and after the month (in 1955 or in a taxable year which began in 1955) in which such individual filed application for recomputation under section 215 (f) (2) or if he has died, for and after the month in which such other person entitled on the basis of such individual's record of wages and self-employment income became entitled to such benefits. No recomputation under this paragraph pursuant to an application filed after such individual's death shall affect the amount of the lump-sum death payment under section 202 (i) of the Social Security Act, and no such recomputation shall render erroneous any such payment certified by the Secretary prior to the effective date of such further recomputation. No recomputation shall be made under this paragraph unless such recomputation results in a higher primary insurance amount. The terms used in this paragraph shall have the same meaning as when used in title II of the Social Security Act.

(l) In the case of an individual—

(1) who filed an application for a recomputation under section 215 (f) (2) of the Social Security Act in 1952 after complying with the other conditions specified therein for such a recomputation; or

(2) who died in such year before filing such an application but who, prior to the end of the month in which he died, met all other conditions specified in such section for a recomputation, his primary insurance amount shall be recomputed as provided in such section, except that his wage closing date shall, for purposes of section 215 (b) (3) of such act, be the first day of the quarter in which he filed such application or died, instead of the date specified in such section 215 (b) (3), but only if it would result in a higher primary insurance amount for him. The terms used in this paragraph shall have the same meaning as when used in title II of the Social Security Act.

INSURED STATUS

SEC. 109. Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he attained retirement age or died, whichever first occurred, are quarters of coverage, but only if there are not fewer than six of such quarters so elapsing."

BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 110 (a) In the case of any individual—

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such act. For the purpose of such computation, the provisions of section 215 (d) (3) of such act shall apply if such individual died a currently insured individual (under title II of such act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such act; in all other cases the provisions of section 215 (d) (4) shall be applicable, except that such individual's closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such act that proof of support be filed within 2 years of the date of his death shall not apply if such proof is filed before September 1956.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after August 1954, on the basis of applications filed after such month.

ELIMINATION OF REQUIREMENT OF FILING APPLICATION IN CERTAIN CASES

SEC. 111. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows:

"(C) (i) has filed application for widow's insurance benefits or was entitled, after attainment of retirement age, to wife's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

"(ii) was entitled, on the basis of such wages and self-employment income, to mother's insurance benefits for the month preceding the month in which she attained retirement age."

(b) Section 202 (g) (1) (D) of such act is amended to read as follows:

"(D) has filed application for mother's insurance benefits, or was entitled to wife's insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died."

(c) The third sentence of section 202 (l) of such act is amended by inserting immediately before the period at the end thereof the following: ", or unless such person was entitled to wife's or husband's insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died."

TECHNICAL AMENDMENTS

SEC. 112. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting "and self-employment income" after "wages."

(b) Section 208 of the Social Security Act is amended by inserting ", or as to the amount of net earnings from self-employment derived or the period during which derived" after "as to the amount of any wages paid or received or the period during which earned or paid."

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. 113. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after August 1954; and, effective September 1, 1954, such subsection is repealed.

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after August 1954; and, effective September 1, 1954, such section is amended by striking out "1 percent of any wages paid him for services performed in 1939, and subsequent to his attaining age 65, and."

PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 114. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of

section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur.

(2) such individual has filed proof of such support within 2 years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such act for August 1950.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur,

(2) such individual has filed proof of such support within 2 years after such first month, and

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such act for August 1950.

(c) For purposes of subsection (b) (1) of this section, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than 6 quarters of coverage (as determined under section 213 of the Social Security Act) during the 13-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such act (as in effect before or after the enactment of this act) did not occur.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such act, for months after August 1954, and only with respect to benefits based on applications filed after such month.

DEFINITION

SEC. 115. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODES OF 1939 AND 1954

AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) (1) Paragraph (1) of section 481 (a) of the Internal Revenue Code is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real-estate dealer;".

(2) Subsection (a) of section 481 of the Internal Revenue Code is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h), (i) if the gross income derived from such trade or business by such individual is not more than $1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than $1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than $900, such net earnings may instead, at the option of such individual, be deemed to be $900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

(b) (1) Paragraph (1) of section 1402 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) that part of the net earnings from self-employment which is in excess of—

"(A) for any taxable year ending prior to 1955, (i) $3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) for any taxable year ending after 1954, (i) $6,000, minus (ii) the amount of the wages paid to such individual during the taxable year; or."

(2) (b) Section 1402 (b) of the Internal Revenue Code of 1954 is amended by inserting after "employees)" the following: ", or under an agreement entered into pursuant to the provisions of section 3121 (l) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),".

(c) Section 481 (c) of the Internal Revenue Code is amended by striking out paragraphs (4) and (5), by inserting "or" at the end of paragraph (3), and by adding after paragraph (3) the following new paragraph:

"(4) The performance of service by an individual in the exercise of his profession as a physician, or the performance of such service by a partnership."

(d) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after "18" the following: "and other than service described in paragraph (4) of this subsection."

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect."

(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) Ministers and members of religious orders:

"(1) Waiver certificate: Any individual who is a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service, described in subsection (c) (4), performed by him.

"(2) Time for filing certificate: Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed without regard to paragraph (4) of subsection (c)) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4).

"(3) Effective date of certificate: A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section 6413 (c) (1) of the Internal Revenue Code of 1954 is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed $6,000, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received."

(2) Section 1401 (d) (3) of the Internal Revenue Code of 1939 is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification thereof) pursuant to section 218 of the Social Security Act which is effective as of a date more than 2 years prior to the date such agreement (or modification) was agreed to, within 2 years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended to read as follows: "Applicability in case of Federal and State employees and employees of certain foreign corporations.—"

(2) Section 6413 (c) (2) (A) of the Internal Revenue Code of 1954 is amended by striking out "$3,600," and inserting in lieu thereof "$3,600 for the calendar year 1951, 1952, 1953, or 1954, or $6,000 for any calendar year after 1954,".

(3) Section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended by adding

at the end thereof the following new subparagraph:

"(C) Employees of certain foreign corporations: For purposes of paragraph (1) of this subsection, the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section 3121 (l) as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 3121 (l); the term 'tax' or 'tax imposed by section 3101' includes, in the case of services covered by an agreement entered into pursuant to section 3121 (l), an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of paragraph (1) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 3121 (l) has been paid to the Secretary or his delegate."

(c) The second sentence of section 3122 of the Internal Revenue Code of 1954 is amended by striking out "$3,600" and inserting in lieu thereof "$6,000."

(d) The amendments made by subsections (a) (1), (b), and (c) shall be applicable only with respect to remuneration paid after 1954. The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939.

COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

SEC. 203. (a) Section 1420 (e) of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

AMENDMENTS TO DEFINITION OF WAGES

SEC. 204 (a) Paragraph (1) of section 3121 (a) of the Internal Revenue Code of 1954 is amended by striking out "$3,600" wherever it appears therein and inserting in lieu thereof "$6,000."

(b) (1) Subparagraph (B) of section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended to read as follows:

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (g) (5);".

(2) Section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than $50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5)."

(3) Section 3121 (a) (8) of the Internal Revenue Code of 1954 is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for agricultural labor, if the cash remuneration paid in such quarter by the employer to the employee for such labor is less than $50."

(e) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461–1468)."

(b) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer."

(d) (1) Subparagraph (B) of the paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "Service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by inserting "a Federal home loan bank," after "a Federal Reserve bank," in clause (ii); and

(C) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;"

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; (5) U. S. C., sec. 1052);

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system (other than the retirement system of the Tennessee Valley Authority)."

(e) The paragraph of section 1426 (b) of the Internal Revenue Code herein redesignated as paragraph (8) is amended to read as follows:

"(8) (A) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (l) (1), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection or (ii) who became an employee of such organization after the certificate was filed and after such period began;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; but this subparagraph shall not apply to service performed by a duly ordained, commissoned, or licensed minister of a church or a member of a religious order, other than a member of a religious order who has taken a vow of poverty as a member of such order, during the period for which a certificate, filed pursuant to subsection (l) (2), is in effect, if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such subsection, or (ii) who became an employee of such organization after the certificate was filed and after such period began."

(e) Section 3121 (b) of the Internal Revenue Code of 1954 is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

(f) The amendments made by subsections (c) and (e) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

SEC. 206. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C), (8) (B), or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than $50."

AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 207. (a) Subparagraph (C) of section 3121 (d) (3) of the Internal Revenue Code of 1954 is amended by striking out ", if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed."

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

WAIVER OF TAX EXEMPTION BY NONPROFIT ORGANIZATIONS WITH RESPECT TO MINISTERS IN THEIR EMPLOY

SEC. 208. (a) Paragraph (1) of section 1426 (1) of the Internal Revenue Code is amended by inserting "(other than service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order)" after "service" in the first sentence, by striking out "two-thirds of its employees" and inserting in lieu thereof "two-thirds of its employees performing service to which this paragraph is applicable" in such sentence, and by deleting so much of such paragraph as follows the first sentence.

(b) Such section 1426 (1) is amended by redesignating paragraphs (2) and (3) as paragraphs (6) and (7), respectively, and by adding after paragraph (1) the following new paragraphs:

"(2) Waiver of exemption in the case of ministers: An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees who are duly ordained, commissioned, or licensed ministers of a church or churches and perform such service in the exercise of their ministry or who are members of a religious order or orders (other than a member of a religious order who has taken a vow of poverty as a member of such order) and perform such service in the exercise of duties required by such order or orders, and that at least two-thirds of such employees concur in the filing of the certificate. Notwithstanding the preceding sentence of this paragraph, a certificate may not be filed by an organization pursuant to such sentence unless (A) such organization does not have any employees with respect to whom a certificate may be filed pursuant to paragraph (1), or (B) such organization has filed a certificate pursuant to paragraph (1) with respect to such employees.

"(3) List to accompany certificate: A certificate may be filed pursuant to paragraph (1) or paragraph (2) only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended at any time by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter.

"(4) Effective period of waiver: A certificate filed pursuant to paragraph (1) or paragraph (2) shall be in effect (for the purposes of subsection (b) (8) of this section and for the purposes of section 210 (a) (8) of the Social Security Act)—

"(A) in the case of a certificate filed pursuant to paragraph (1), for the period beginning with the first day of the calendar quarter in which such certificate is filed or the first day of the succeeding calendar quarter, as may be specified in the certificate; or

"(B) in the case of a certificate filed pursuant to paragraph (2), for the period beginning with the first day of whichever of the following calendar quarters may be specified in the certificate; (i) the quarter in which such certificate is filed, or (ii) the succeeding quarter, or (iii) if the certificate is filed during the calendar year 1955, any quarter in such year prior to the quarter in which it is filed;

except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect (as determined under subparagraph (A) or (B), whichever is applicable) or following the calendar quarter in which the certificate was filed, whichever is later, and to whom subparagraph (A) or (B) of subsection (b) (8) of this section would otherwise apply, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed.

"(5) Termination of waiver period by organization: The period for which a certificate filed pursuant to paragraph (1) of this subsection is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years and only if such notice applies also to the period for which the certificate, if any, filed by such organization pursuant to paragraph (2) is effective. The period for which a certificate filed pursuant to paragraph (2) is effective may also be terminated by the organization, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter."

(c) The paragraph of such section 1426 (1) herein redesignated as paragraph (6) is amended by adding at the end thereof the following new sentence: "If the period covered by a certificate filed pursuant to paragraph (1) of this subsection is terminated under this paragraph, the period covered by the certificate, if any, filed by the same organization pursuant to paragraph (2) shall also be terminated at the same time."

(d) The paragraph of such section 1426 (1) herein redesignated as paragraph (7) is amended to read as follows:

"(7) No renewal of waiver: In the event the period covered by a certificate filed pursuant to paragraph (1) or (2) of this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to such paragraph."

(e) The amendments made by this section shall become effective January 1, 1955. Nothing in this section shall be construed as affecting the validity of any certificate filed prior to January 1, 1955, under section 1426 (1) of the Internal Revenue Code. If a certificate filed during the calendar year 1955 pursuant to section 1426 (1) (2) of the Internal Revenue Code is in effect for any calendar quarter in 1955 which precedes the quarter during which the certificate was filed, the return and payment of the taxes for any such preceding calendar quarter with respect to service which constitutes employment by reason of the filing of such certificate shall be deemed to be timely made if made on or before the last day of the first month following the calendar quarter in which the certificate is filed.

CHANGES IN TAX SCHEDULES

RATE OF TAX FOR EMPLOYEES

SEC. 209 (a) Section 3101 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Non-Federal employment: In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages received by him after December 31, 1936, with respect to employment after such date, except that such tax shall not apply to the income of an individual for service performed in the employ of the United States or of an instrumentality which (i) is wholly owned by the United States, or (ii) was exempt on December 31, 1950, from the tax imposed by section 1410 of the Internal Revenue Code of 1939 by virtue of any other provision of law:

"(1) With respect to wages received during the calendar years 1939 to 1949, both inclusive, the rate shall be 1 percent.

"(2) With respect to wages received during the calendar years 1950 to 1953, both inclusive, the rate shall be 1½ percent.

"(3) With respect to wages received during the calendar year 1954, the rate shall be 2 percent.

"(4) With respect to wages received during the calendar years 1955 and 1956, the rate shall be 2½ percent.

"(5) With respect to wages received during the calendar years 1957 and 1958, the rate shall be 3 percent.

"(6) With respect to wages received during the calendar years 1959 and 1960, the rate shall be 3½ percent.

"(7) With respect to wages received after December 31, 1960, the rate shall be 4 percent.

"(b) Federal employment: In addition to other taxes, there shall be levied, collected, and paid upon the income of every individual a tax equal to the following percentages of the wages received by him after December 31, 1950, with respect to employment after such date to which the tax imposed by subsection (a) of this section does not apply:

"(1) With respect to wages received during the calendar years 1951 to 1954, both inclusive, the rate shall be 1½ percent.

"(2) With respect to wages received during the calendar years 1955 and 1956, the rate shall be 2 percent.

"(3) With respect to wages received during the calendar years 1957 and 1958, the rate shall be 2½ percent.

"(4) With respect to wages received during the calendar years 1959 and 1960, the rate shall be 3 percent.

"(5) With respect to wages received after December 31, 1960, the rate shall be 3½ percent."

WHEN COLLECTION OF TAXES FROM MEMBERS OF UNIFORMED SERVICES IS NOT REQUIRED

(b) Subsections (a) and (b) of section 3102 of the Internal Revenue Code of 1954 are amended to read as follows:

"(a) Requirement:

"(1) General provision: Except as provided in paragraph (2), the tax imposed by section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

"(2) Special exception for uniformed services: Whenever the President determines that, by reason of the large number of individuals who are being or have been drafted for service in the uniformed services of the United States or who are being or have been called to active duty in such services, the collection of the taxes imposed by section 3101 with respect to some or all of such serv-

ice or duty would not be in the best interests of the United States, he shall by Executive order direct the Secretary of Defense, the Secretary of Health, Education, and Welfare, the Secretary of the Treasury, and the Secretary of Commerce not to deduct the taxes imposed by section 3101 with respect to service as a member of any of the uniformed services of the United States (which may be made applicable with respect to any one or more of such uniformed services), or with respect to so much of such service as is performed in one or more designated areas or by individuals in designated pay grades, or both, as the President may find appropriate. Such Executive order shall be revoked whenever the President determines that it is no longer necessary in the interests of the United States.

"(b) Indemnification of employer: Every employer required so to deduct the tax or directed pursuant to paragraph (2) of subsection (a) not to deduct the tax shall be liable for the payment of such tax, and shall be indemnified against the claims and demands of any person for the amount of any such payment by such employer."

RATE OF TAX FOR EMPLOYERS

(c) Section 3111 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Nonfederal employment: In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages paid by him after December 31, 1936, with respect to employment after such date, except that such tax shall not apply to the wages paid an individual with respect to service performed in the employ of the United States, or of an instrumentality of the United States which (i) is wholly owned by the United States, or (ii) was exempt on December 31, 1950, from the tax imposed by this section by virtue of any other provision of law.

"(1) With respect to wages paid during the calendar years 1939 to 1949, both inclusive, the rate shall be 1 percent.

"(2) With respect to wages paid during the calendar years 1950 to 1953, both inclusive, the rate shall be 1½ percent.

"(3) With respect to wages paid during the calendar year 1954, the rate shall be 2 percent.

"(4) With respect to wages paid during the calendar years 1955 and 1956, the rate shall be 2½ percent.

"(5) With respect to wages paid during the calendar years 1957 and 1958, the rate shall be 3 percent.

"(6) With respect to wages paid during the calendar years 1959 and 1960, the rate shall be 3½ percent.

"(7) With respect to wages paid after December 31, 1960, the rate shall be 4 percent.

"(b) Federal employment: In addition to other taxes, every employer shall pay an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages paid by him after December 31, 1950, with respect to employment after such date, to which the tax imposed by subsection (a) of this section does not apply:

"(1) With respect to wages paid during the calendar years 1951 to 1954, both inclusive, the rate shall be 1½ percent.

"(2) With respect to wages paid during the calendar years 1955 and 1956, the rate shall be 2 percent.

"(3) With respect to wages paid during the calendar years 1957 and 1958, the rate shall be 2½ percent.

"(4) With respect to wages paid during the calendar years 1959 and 1960, the rate shall be 3 percent.

"(5) With respect to wages paid after December 31, 1960, the rate shall be 3½ percent."

RATE OF TAX FOR SELF-EMPLOYED PERSONS

(d) Clauses (1) through (5) of section 1401 of the Internal Revenue Code of 1954 are amended to read as follows:

"(1) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1955, the tax shall be equal to 2½ percent of the amount of the self-employment income for such taxable year.

"(2) In the case of any taxable year beginning after December 31, 1954, and before January 1, 1957, the tax shall be equal to 3 percent of the amount of the self-employment income for such taxable year.

"(3) In the case of any taxable year beginning after December 31, 1956, and before January 1, 1959, the tax shall be equal to 3¾ percent of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1958, and before January 1, 1961, the tax shall be equal to 4½ percent of the amount of the self-employment income for such taxable year.

"(5) In the case of any taxable year beginning after December 31, 1960, the tax shall be equal to 5¼ percent of the amount of the self-employment income for such taxable year."

FOREIGN SUBSIDIARIES OF DOMESTIC CORPORATION

SEC. 210. Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(l) Agreements entered into by domestic corporations with respect to foreign subsidiaries:

"(1) Agreement with respect to certain employees of foreign subsidiaries: The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term 'employment' or 'wages', as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

"(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

"(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

"(2) Effective period of agreement: An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) Termination of period by a domestic corporation: The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving 2 years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than 8 years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

"(4) Termination of period by Secretary: If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than 60 days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) No renewal of agreement: If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) Deposits in trust fund: For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such

agreement or of the regulations issued under this subsection,

shall be considered wages subject to the taxes imposed by this chapter.

"(7) Overpayments and underpayments:

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

"(B) If any overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within 2 years from the time such overpayment was made.

"(8) Definition of foreign subsidiary: For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

"(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

"(9) Domestic corporation as separate entity: Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

"(10) Regulations: Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

SEC. 211. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"SEC. 176. Payments with respect to employees of certain foreign corporations

"In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received."

(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"SEC. 176. Payments with respect to employees of certain foreign corporations."

TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, 82d Cong.) is amended by striking out "September 30, 1954" and inserting in lieu thereof "September 30, 1956."

TEMPORARY EXTENSION OF SPECIAL PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, 81st Cong.) is amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1957."

TECHNICAL AMENDMENTS

SEC. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out "one-half" and inserting in lieu thereof "the State's proportionate share."

(b) Section 3 (b) of such act is amended (1) by striking out "clause (1) of subsection (a)" wherever it appears and inserting in lieu thereof "subsection (a)", (2) by striking out "such clause" in paragraph (1) and inserting "such subsection" in lieu thereof, and (3) by striking out "increased by 5 percent" immediately before the period at the end of paragraph (3).

TITLE IV—MISCELLANEOUS PROVISIONS

AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "1952" and inserting in lieu thereof "1954."

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "six" and inserting in lieu thereof "twelve"; and subsection (5) (j) of such act, as amended, is amended by striking out "sixth" and inserting in lieu thereof "twelfth." The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to February 1954.

(c) Section 5 (l) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "$3,600" the second time it appears and inserting in lieu thereof "$6,000."

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

"(ii) will have been under the age of 72 and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on 7 or more different calendar days in noncovered remunerative activity outside the United States (as defined in sec. 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such act;".

CROSS REFERENCES TO REDESIGNATED PROVISIONS

SEC. 402. References in the Internal Revenue Code of 1939, the Internal Revenue Code of 1954, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this act shall be deemed to refer to such section or subdivision of a section as so redesignated.

Mr. LEHMAN. Mr. President, the social-security bill now before the Senate comes to us as a result of recommendations made by the Department of Health, Education, and Welfare on behalf of the administration. Of all the President's recommendations, this is the one which I would characterize as being most in the public interest and as coming closest to campaign promises made.

I should like to give myself the pleasure of complimenting the distinguished chairman of the Committee on Finance, the Senator from Colorado [Mr. MILLIKIN], the ranking minority member of the committee, the Senator from Georgia [Mr. GEORGE], and the other members of the committee, for having done a devoted and, on the whole, a very successful piece of work.

Mr. MILLIKIN. Mr. President, I deeply appreciate the compliment of the Senator from New York.

Mr. HILL. Mr. President, if the Senator will yield, I should like to join in the tribute which the Senator from New York has paid to the distinguished Senator from Colorado and the distinguished Senator from Georgia.

Mr. MILLIKIN. I thank the Senator from Alabama very much.

Mr. LEHMAN. But, Mr. President, while the administration may take the credit for recommending these improvements in the social-security program, I should like to point out that the credit for originally suggesting these improvements may properly be claimed by this side of the aisle.

A glance at the CONGRESSIONAL RECORD, volume 99, part 6, page 7750, of July 1, 1953, will show that on that date I introduced a bill, S. 2260, on behalf of myself and 10 other Senators, which contained almost all the provisions now contained in the bill being considered by the Senate. An identical bill was at that time introduced into the House by a number of Democratic Members of that body, including Representatives DINGELL, of Michigan, and CELLER and ROOSEVELT, of New York.

In order to let these provisions be brought to the attention of the Senate, I have revised my bill in a few minor respects and reintroduced it as an amendment in the nature of a substitute to H. R. 9366. As such I wish to discuss it and compare its provisions with those of the administration bill.

The pending bill, H. R. 9366, may be described as having four major parts. These parts are:

I. Extension of coverage.

II. Increased benefits.

III. Amendments to the retirement test.

IV. Maintenance of the benefit levels of the disabled.

I. EXTENSION OF COVERAGE

Essentially, with respect to the extension of OASI coverage to persons not heretofore covered, my amendment and the administration bill are similar, with a few exceptions. However, the bill which I introduced more than a year ago, and which is now on the desk as a substitute, provides coverage for about 7 million people not covered by the administration bill. For example, my bill would extend coverage to self-employed farm operators. This particular extension of coverage was at one time recommended by the administration, but is not now included in H. R. 9366.

Mr. MORSE. Mr. President, will the Senator yield at that point?

Mr. LEHMAN. I yield to the Senator from Oregon.

Mr. MORSE. Is it not true that the mail of the Senator from New York, like my mail, shows that there is a great demand for coverage of this group of fellow Americans who are really being discriminated against by the administration bill?

Mr. LEHMAN. The Senator is absolutely correct. My mail is very voluminous on that subject. Of course, as I shall develop a little later in my remarks, I intend to press that measure at the next session of Congress.

Mr. MORSE. As in this session of Congress I was happy to join with the Senator from New York in this matter, so in the next session of Congress he can count on me for support on this issue, because I think those citizens ought to be brought under the social-security law. I think there is rank discrimination against them in the administration bill because it does not cover them.

Mr. LEHMAN. I concur in what the Senator from Oregon has said.

I wish to address my remarks particularly to the bringing of farm operators under the coverage of old-age and survivors insurance, because I consider it to be one of the most desirable improvements we could make in our present social-security system.

One of the basic justifications for the old-age and survivors insurance program is to provide old-age protection for the American people as a matter of right, without an individual test of needs, without requiring a so-called means test or a pauper's oath. In urban areas, where most of the working population has been covered by old-age and survivors insurance for the last 17 or 18 years, the insurance program is the central feature of the whole social-security system. In farm areas, however, the insurance program is not doing its full share. The reason for this, of course, is that farm operators and most farm workers are excluded from the insurance program.

The effect of this exclusion is shown clearly when we compare the percentage of old people in farm areas receiving insurance and assistance payments with the percentage in the nonfarm areas. In the farm counties—those in which more than 50 percent of the people live on farms—we find that 31 percent of the aged are getting old-age public assistance payments—public charity, in other words—and only 13 percent are getting social-insurance benefits, to which they themselves contributed. In the nonfarm counties the situation is reversed. Seventeen percent of the aged in nonfarm counties are getting public assistance or charity payments, and 36 percent are receiving insurance benefits. Unless we bring farm operators under the insurance program, we cannot hope to reduce the burden of public assistance in rural areas.

Extending OASI coverage to farmers is one of the most important improvements I proposed in my original bill, S. 2260, introduced last year, and provided in my substitute bill now on the desk. Bringing farmers into the old-age and survivors insurance program will place them on an equal basis with other self-employed persons. It would remove the discrimination against our farm population that now exists. It would mean that farm groups, as well as people who work in business and industry, could now for the first time contribute systematically toward protection against poverty in old age and against hardship for their families if the breadwinner dies. It would strengthen the old-age and survivors insurance program by making it more universal.

My amendment would extend coverage to all the professional groups, except doctors. H. R. 9366 now before us does not include these groups. The other major group to which my bill would extend coverage would be members of the active military and naval services. Thus, when a man enters military service there would be no break or gap in his record under old-age and survivors insurance. The present protection provided for persons in the Armed Forces is temporary in nature and expires June 30, 1955.

Thus, in these categories alone—farm operators, the professional groups, and the Armed Forces—roughly about 7 million more persons would be covered under my bill than under the administration proposal.

The administration bill provides coverage for State and local government employees who are now covered by local retirement systems. Under present law, these employees are excluded, and many have complained that their retirement systems are inadequate. They have sought OASI coverage, and in some instances have been successful. Their OASI coverage, however, has been gained only after dissolving their existing systems.

The pending bill, H. R. 9366, improves this situation by authorizing the extension of coverage to State and local employees—except for policemen and firemen—as a result of a referendum by secret written ballot held among the members of the local retirement system. Inasmuch as I favor the widest possible OASI coverage among State and local government employees, with the exception of police and firemen, who object to and do not need such coverage. I have amended my original bill so that my substitute amendment is in line with the provisions of the administration bill.

At this point, I should like to state briefly that it is my opinion, and I think that of the administration, that the social-security program will become more effective as it is extended to more and more people. As Secretary Hobby, of the Department of Health, Education, and Welfare, stated before the House Committee on Ways and Means:

> We firmly believe that if all these groups are brought into OASI so as to make it essentially a universal system, great advantages will accrue both to the individuals involved and to the Nation as a whole.

The chief difficulty to date with respect to extending coverage to new groups has been administrative. The only other objections have come from employers who do not wish to pay their portion of the social-security tax and from one particular professional association—the American Medical Association—which has claimed that the social-security program is socialistic. Gradually, both the administrative difficulties and other objections are being overcome, making extension of coverage to new groups more feasible.

Mr. President, the second subject I wish to discuss is increased benefits.

When Secretary Hobby testified on social-security legislation before the House Ways and Means Committee, she listed six recommendations. Three of these recommendations were:

(a) Drop 4 years of lowest earnings in computing benefits—in some cases 5.

(b) Raise earning base to $4,200.

(c) Increase benefits.

These three items may be considered separately, but the net effect of them is to increase benefits. They are designed to, and will, accomplish that objective. I should like briefly to refer to these recommendations and compare them with recommendations on the same points in my bill, S. 2260, introduced more than a year ago, and in my substitute now on the desk of the Senate.

At the present time when OASI benefits are computed, the law requires that the individual's entire working lifetime be considered. Obviously, in some of the years during his lifetime he has earned less than in other years. If he is permitted to compute his benefits excluding his 5 years of lowest income, his benefit level will be higher than it would have been if he were forced to take every year into account.

To the extent that this provision of the administration bill—to drop out the 5 years of lowest earnings—increases benefit levels, it is advantageous to the worker. However, as is true of many other provisions in this bill, it does not go far enough. In the Lehman substitute, it is provided that the worker may base his benefit upon his 10 best years. As the Senate knows, a worker is fully insured when he has worked and paid the tax for 40 quarters, or 10 years. If the worker were permitted to use that same 10-year figure in computing his benefits, he could eliminate all but the 10 highest income years, and thereby receive a considerably higher benefit.

WAGE BASE

The second of the three items I mentioned above refers to raising the earning or taxable base to $4,200. At this point I would like to say that on June 20, 1950, the distinguished senior Senator from Georgia [Mr. GEORGE] offered an amendment to the bill then before the Senate, H. R. 6000, to increase the wage base from $3,000 to $3,600. Subsequently, former Senator Myers of Pennsylvania offered an amendment to the amendment of the Senator from Georgia to increase the wage base to $4,200, the same figure which the administration now proposes. I am proud to say that on that date I was cosponsor of the amendment offered by Senator Myers, and I urged the Senate to adopt it. Unfortunately, the Myers amendment did not carry. It was rejected by a vote of 36 yeas to 45 nays. It will be most interesting to compare the vote of

June 20, 1950, with the vote on the pending bill.

At that time, the $4,200 wage base would have been almost, but not quite, equivalent in terms of purchasing power to the $3,000 base in 1939. Today, the $4,200 wage base is no more appropriate than was the wage base of $3,600 in 1950. All of us know that the cost of living and the scale of prevailing wages has increased since 1950. Even as early as June of 1953, I took cognizance of the increased wages and cost of living by proposing in S. 2260 to increase the wage base to $6,000, which I think is much more in keeping with the increases in wages and cost of living which have occurred since 1950.

Let me make this one point clear. If we increase the wage base to $4,200 or $4,800 or $6,000, as the case may be, it does not mean that the individual who earns $3,600 will pay any more than he does today in the form of social-security taxes. However, the individual who earns more will be subject to social-security taxes on the income in excess of $3,600 and up to $4,200 if that figure is adopted. This, of course, will mean that his benefits will be higher upon retirement.

BENEFIT FORMULA

In referring to the third item, "increased benefits," Secretary Hobby described the benefit formula which, as the Senate knows, provides that the worker's primary benefit will be equal to 55 percent of the first $100 of the worker's average monthly wage, and 15 percent of the remainder up to $300. The formula presented in the administration bill would be 55 percent of the first $110 of the worker's average monthly wage, and 20 percent of the remainder up to $350.

The VICE PRESIDENT. The time of the Senator from New York has expired.

Mr. JOHNSON of Texas. Mr. President, I yield the distinguished Senator from New York [Mr. LEHMAN] 15 minutes on the bill.

Mr. LEHMAN. Mr. President, my original benefit formula began with 55 percent of the first $100. In my pending substitute I have included the administration's 55 percent of $110 figure in my basic benefit formula, but have made the remaining 20 percent benefit applicable to a maximum of $500 rather than to $350 as in the administration bill.

DELAYED RETIREMENT CREDIT

So far, Mr. President, I have compared provisions which appear in both the administration bill and in the Lehman bill aimed at the same general effect—namely, increasing benefits. There are, however, benefit-increasing provisions in my bill which are not included in the administration bill. One of these I call the Delayed Retirement Credit. With present OASI benefit levels so low, we know that many persons who reach retirement age actually do not leave their employment because they are aware that their social security benefits would not be adequate to meet even their minimum needs. These persons, therefore, delay their retirement and continue to work for 1, 2, or 3 additional years in order to maintain their income. When this occurs, the social security fund gets the benefit. Not only does the fund continue to receive the taxes paid by this individual, but it saves to the extent that the individual in question does not collect his benefits.

Recognizing that the individual who delays his retirement contributes to the solvency of the fund and to the productivity of the Nation, my bill provides this individual with an additional credit at the rate of 2 percent a year for each year of work and contributions beyond the date at which he is first eligible for old-age insurance benefits. This accumulation of credit could continue until the individual reaches the age of 75—or 72 under the administration bill—at which age he would be entitled to social security benefits, regardless of the amount of his income from any source.

INCREMENT

A second feature of my bill, which is not contained in the administration bill, is a coverage increment. It will be recalled that prior to the 1950 amendments, the Social Security Act provided for an added benefit known as an increment to be added to the worker's primary benefit for each year of covered employment. In this way it was possible to provide higher benefits for those persons who had worked a greater number of years and, therefore, had contributed more to the fund. As the Senate knows, one of the basic general premises of the Social Security Act is that within certain bounds, the individual who contributes the most is entitled to the highest benefit.

It is true that in some cases the benefit formula is so weighted as to give additional credits to low-income workers. But prior to 1950, workers would receive still higher benefits if they were in covered employment for longer periods of time. In 1950, the increment provision was discontinued. One provision of my bill, S. 2260, and also of my substitute amendment, proposes to reinstitute the increment by providing the worker's primary benefit be increased by one-half of 1 percent for each year of coverage.

I should now like to discuss the minimum benefit.

The present law recognizes that there may be instances where the application of the benefit formula would result in an extremely low benefit by reason of the individual's work record. In these cases, the law establishes a minimum primary insurance amount of $25. It is obviously impossible for anyone to keep body and soul together on a total income of $25 per month. Consequently, this income must be supplemented in some way. What generally happens is that these beneficiaries seek public assistance. In order to obtain public assistance, they must divest themselves of whatever small assets they might possess, thereby making their situation even more precarious economically.

The bill H. R. 9366 would increase the minimum benefit to $30 per month. Under my bill, the minimum benefit would be increased to $35. I must admit that neither the $30 figure nor the $35 figure is really adequate. I merely point out that my bill represents some improvement as far as the minimum insurance benefit is concerned.

RETIREMENT TESTS

One problem which constantly recurs and which is always a source of complaint from social-security beneficiaries is the retirement test. I am sure all Senators know the 1939 law provided that OASI benefits would not be available to those persons who earn over $14.99 per month in covered employment. By subsequent amendments, the act now provides that a beneficiary may earn up to $75 per month without loss of benefits. If, however, he earns over $75 in any 1 month, he loses his entire benefit for that month.

Because of the numerous complaints I have had on this one provision alone, I am glad to say that I think that the changes in the retirement test in the bill reported out by the Finance Committee are a great improvement, and I congratulate the committee.

The administration bill now proposes to place the retirement test on an annual basis and to permit the beneficiary to earn $1,200 per annum and thereafter requires him to forfeit 1 month's benefit for each unit of $80 or fraction thereof earned within any month. This new formula is modified by a provision of the act which states that no month's benefit would be lost in a month in which the beneficiary did not perform substantial services.

This is a formula both more liberal and more flexible than what we have had to date, and for this reason I support it. I have included in my substitute, language identical to that contained in the bill as reported by the Senate with respect to the retirement test.

DISABILITY BENEFITS

Mr. President, our present social-security laws, while meeting to a great extent the needs of aged persons for some degree of financial stability and freedom from economic want, have to date left a gaping hole in the protective cover which the Congress has tried to erect over our aged citizens. With the exception of payments made on behalf of dependent children, and the lump-sum death benefit, all of the payments from the OASI fund have been made to persons who have reached the retirement age of 65 years.

I am sure every Member of the Senate has at one time or another been asked to assist a constituent who has been forcibly retired, by some physical disability. With respect to these cases, our present law says that the covered worker who is disabled at age 40, 50, or 60 is on his own until he reaches the statutory retirement age. The law takes no cognizance of the fact that through no fault of his own, he cannot continue to work in covered employment and pay the required social-security tax. In fact, the law, by taking into account the period which elapses after disability and before retirement, actually works to reduce the OASI benefit which the worker has earned up to the date of his disability. It is even possible for the intervening time completely to wipe out any rights he might have to a retirement benefit.

I am pleased to see that the present administration has recognized the existence of this gap in our social-security protection. However, H. R. 9366, after recognizing this serious fault in our present law, takes a completely negative approach. H. R. 9366 makes the frank admission that the disabled worker, who is no longer able to continue in covered employment, labors under an extreme disadvantage. But H. R. 9366 proposes to correct this disadvantage by merely providing that when an individual is injured and forced to give up working, he will suffer no diminution of the OASI benefits he will receive on reaching the age of 65. In other words, the level of his expectable benefits will be maintained as of the date of his disability so that the time intervening between the date of disability and the date of retirement will not work to reduce his eventual benefits, at the age of 65.

Thus, the pending bill, while recognizing an inequity under the present law, simply expresses sympathy for the disabled worker and specifies that when he reaches age 65, if he does, he will be entitled to benefits at the level earned as of the date of disability.

In every interview I have ever had with disabled persons who formerly worked in covered employment, I have always heard these questions: "What am I to do until I reach retirement age? Since I am disabled I have no income at all. Does the Government expect me to wait until I reach age 65 before it pays me the benefits I have earned to date?"

Under the present law, that is exactly what the Government expects this person to do and under the bill, H. R. 9366, that is exactly what the Government requires this person to do. "But why," says the individual, "since I have paid the tax, cannot I at least withdraw from the fund the money I have paid in?" Obviously, if such withdrawals were permitted, the amounts would be small. But not even this small benefit is provided by the present law or H. R. 9366.

I have, therefore, included in my bill a provision to make benefits payable to disabled workers prior to attainment of retirement age. It should be borne in mind that I do not propose to make benefits payable to every disabled worker, but only to those who have a recent attachment to the social-security system. In other words, the individual must have had six quarters of coverage during the 13-quarter period preceding disability, and 20 quarters of coverage during the 40-quarter period preceding disability. Twenty quarters of coverage, Mr. President, equals 5 full years of coverage. Of those 20 quarters, 6 of the last 13, or a year and a half out of the last 3¼ years, must be covered.

The disabled worker, therefore, must demonstrate by his work record that he is more than a casual worker in covered employment and that during a good portion of his working lifetime he has contributed to the social-security fund.

When these same citizens, after contributing for years, are suddenly disabled, do they not have some claim? Should we ignore their plight and in effect tell them that they will get their benefits—not when they need them most—but when they are 65 years of age?

Mr. President, on June 20, 1950, an amendment, similar to the disability provisions of my amendment, was proposed by former Senator Myers, of Pennsylvania. At that time the Senate was in the midst of its deliberations on H. R. 6000, the 1950 amendments to the Social Security Act. In all, there were 10 sponsors of the Myers amendment, and I am proud to say that I was 1 of the 10. At that time, Senator Myers pointed out that the disability-insurance amendment, as it was called, was recommended by the House Ways and Means Committee and adopted by the House. Unfortunately, the Senate Finance Committee did not recommend the amendment to the Senate.

Senator Myers pointed out that the Advisory Council on Social Security, appointed by the Finance Committee, in the 80th Congress, recommended that the social-security program be broadened to insure against income loss resulting from permanent and total disability prior to retirement age at 65.

As Members of this body will recall, in 1950 the House passed H. R. 6000, which contained disability provisions similar to those in my bill. At that time, it was testified by representatives of the administration that after 5 years of operation, the disability provisions of that bill would be 0.2 percent of payroll; after 10 years, 0.4 percent of payroll; and after 15 years 0.6 percent of payroll; and that on a level premium basis, the cost would be 0.5 percent of payroll. There may be some change in these estimates because of new benefit levels or because of new payroll levels, but essentially these estimates are still true and apply with equal force to the disability provisions of my bill—Source: page 35 of House Report No. 1300 on H. R. 6000, table 9.

Based on coverage provided by the administration bill as introduced in the House the payroll in 1960 should be about $170 billion. Therefore, if the cost of the disability benefits provisions of my amendment is 0.2 percent of the payroll in 1960, this amendment will cost in the neighborhood of $340 to $350 million after 5 years of operation. Assuming again that the cost of disability payments is $350 million and that the total cost of the program in 1960 is $7,266,000,000 we find that the cost of disability benefits is less than 5 percent of the other costs of the program as estimated by the House committee.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I yield 3 additional minutes on the time of the bill to the Senator from New York.

Mr. LEHMAN. Mr. President, I hasten to say that the $350 million which might be spent on disability benefits should not be regarded simply as an expense or a payment. As the Senate knows, we make considerable appropriations every year for public assistance grants to States. Total costs of public assistance in 1953 were over $2½ billion, including Federal, State, and local payments. It is estimated that public assistance payments per year to an individual average about $750. Of the total cost, the Federal Government contributes $1.3 billion, or about 52 percent. If this $1.3 billion expense could be reduced by $350 million, we would have reduced our public assistance expenditures by over 25 percent. I do not mean to imply that every dollar paid as a benefit payment to a disabled person under the social security bill would mean a savings of 1 dollar under public assistance, but it could bring about significant savings, both to the Federal and State Governments.

Secretary Hobby said in testimony before the House Ways and Means Committee:

> The relationship between disability and public dependency is a significant one. At present the Federal-State public assistance programs support about 1 million persons who themselves are disabled or, in the case of the aid-to-dependent-children program, whose father or mother or other caretaker is disabled.

Later, speaking of disabled persons who could expect no help from private organizations, Mr. Nelson P. Rockefeller, said that "a substantial number of this group will go on relief at some time and get public assistance and will average about 9 years on public assistance."

We all know that the public assistance program is generally regarded as supplementary to the OASI program. Public assistance payments are made generally to those persons who do not qualify for OASI benefits because they have never been covered or because their coverage is not sufficient. And in general, persons who get OASI benefits do not get public assistance benefits. Our whole effort in these two fields has been to increase social-security coverage and reduce the amounts of Federal appropriations paid to the States for public assistance. Eventually it is hoped public assistance payments can be almost, if not entirely, eliminated. If this provision were adopted, some persons would be covered immediately and each year an increasing number of persons would be entitled to disability payments under the OASI program. There would be, I am sure, considerable reduction in the substantial number of disabled persons who, as Mr. Rockefeller pointed out, will go on relief and get public assistance for an average of about 9 years.

Mr. President, I shall not press to have my amendment voted on today because I do not wish to delay action on H. R. 9366. Millions of social-security beneficiaries are anxiously awaiting their increased benefits. It is now nearly 3 weeks since the Finance Committee reported out the bill. I proposed to reintroduce my bill at the beginning of next year and shall continue to press for its adoption. Meanwhile, I shall support the individual amendments to improve the bill offered by my colleagues.

Mr. DOUGLAS. Mr. President, the Senator from Massachusetts [Mr. KENNEDY] and I have an amendment which seeks to amend the social security bill so as to include protection against total disability for the Nation's workers. It

would permit workers who became totally and permanently disabled to retire on full annuities, on the same basis as those who retire at the age of 65. I shall not call it up at this time since the bill of the Senator from New York includes such a provision and I support his bill.

What happens when a family breadwinner gets sick or injured so that he can no longer support his family? The answer is one of tragic simplicity. He must rely on relatives and even charity, for few persons can afford the costs of private disability insurance.

Meager though it is, social security provides some help for persons who must retire after age 65. So far as it goes it is a fine program. Nevertheless, workers who become totally disabled often have even greater needs than the aged since they are younger and generally have more family responsibilities.

For many years, now, those of us who have sought to provide disability insurance as a part of social security protection have been balked by those who refuse to recognize its vital necessity. For example, we tried to get this program through during the debates on the social security revisions of 1950. At that time, we were blocked by a coalition of conservatives who apparently felt that welfare should be confined to the wealthy in the form of subsidies, high tariffs and special tax allowances. Yet the disability protection we urged would have paid for itself by means of low social security taxes.

The lack of protection against the personal disaster of becoming unable to earn a living stands today as a major gap in providing our Nation's workers with adequate security. If we do not pass such protection now, we should make it the number one item on our agenda for next year.

PERSONAL STATEMENT IN EXPLANATION OF VOTE ON THE IVES AMENDMENT TO THE SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950

Mr. McCARRAN. Mr. President, will the Senator from Colorado yield me 6 minutes, to speak on another subject?

Mr. MILLIKIN. I gladly yield 6 minutes to the Senator from Nevada.

Mr. McCARRAN. Mr. President, since I cast the only "nay" vote, yesterday, on the amendment offered by the Senator from New York [Mr. IVES] to the bill S. 3706, I have been asked several times, by friends, to explain why I cast my vote as I did. In each case, when I have answered, my friends have urged that I make a public statement on this point. It happened again this morning. This time it was a colleague who asked me why I had voted "nay" on the Ives amendment. When I told him, he expressed surprise, and said he had not understood the situation before. He indicated that he might have changed his own vote if he had understood my reasons for voting as I did; and he urged me to make a statement for the RECORD, which might be given consideration by the conferees on this bill, in the event the House acts and the bill does go to conference.

In response to all these various urgings, I have decided to comply with the suggestion that I state the basis for my "nay" vote on the Ives amendment.

I voted "nay" for several reasons, the most important reason being that in my opinion the amendment violates one of the basic concepts of our constitutional law. Under our Constitution, a man or an organization is always presumed innocent until proven guilty. But the Ives amendment specifically provides that a certain class or group of labor organizations shall be presumed innocent; and necessarily, therefore, by implication at least, the amendment says that all other organizations subject to the act are not to be presumed innocent, therefore, that they are to be presumed guilty.

If all persons who might be charged under the act, and all organizations which might be charged under the act are to be presumed innocent until proven guilty, in line with the established tenets of our constitutional law, then there is certainly no need for a provision that a certain few specified organizations are to be so presumed innocent. And when we go further, as I am convinced the Ives amendment does go, and by necessary implication declare that all organizations except those within a specified and identified class are to be presumed guilty until proven innocent, I think we violate one of the most important concepts of our freedom under the Constitution.

I dislike the Ives amendment also for its uncertainty, for the confusion which surrounded its adoption, as clearly evidenced by the record of the proceedings on this floor in that regard. Moreover, I fear the possibility that the amendment, if it becomes law, may be used as a shield by some of the very Communist-dominated organizations which the bill S. 3706 seeks to reach. Whether it will prove to be an effective shield, is open to question; but I believe there is danger that it will be so used, and that it will be the basis for litigation, possibly for prolonged litigation.

But I do not know whether I would have voted against the amendment for these reasons alone. I would have voted against it, even without these other reasons, solely because of the fact that it clearly violates my conception of the constitutional principle that innocence always is to be presumed until guilt has been established; not, as was said on the floor yesterday, by a preponderance of the evidence, but in accordance with the accepted standard of American criminal justice—that is, established beyond a reasonable doubt.

When I know that in my country a man or an organization must be proven guilty beyond a reasonable doubt before a penalty can be inflicted, I could not bring myself to vote for an amendment which said that a certain specified class of organizations, less than the whole, are to be presumed prima facie to be innocent. Especially, I could not do so after the legislative history made by the debate on the floor had made it quite clear that it was the intent of the Senate, as well as the implication of the language itself, that all organizations outside that specified class were not to be presumed innocent.

Let me say, Mr. President, I have not made this explanation of my vote on the Ives amendment with any thought of justifying my own action. I do not feel my vote requires justification, and I do not feel that I owe anybody an explanation for having voted as I did. But I have stated my reasons for my vote because friends, including colleagues, have asked me to do so, in order that the considerations which prompted me might be given thought by others who may yet be required to vote upon this question.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. MORSE. Mr. President, will the Senator from Colorado yield me not more than 5 minutes to comment on the speech by the Senator from New York [Mr. LEHMAN]?

Mr. MILLIKIN. I yield to the Senator.

Mr. MORSE. Mr. President, I commend very highly the speech which has just been made by the Senator from New York in support of his originally proposed substitute social security bill. I am a little disappointed that we are not to have the opportunity to vote on it as a substitute amendment for the bill now pending before the Senate, but he has announced that it is his decision to reintroduce the bill next January, and I shall be very happy to joint with him in January as one of the sponsors of the bill.

I think it is very interesting that this great statesman from New York, with his background—I do not intend any personal embarrassment to a man whom we all know as one of the wealthy bankers of America—has, in spite of his riches, always understood that, after all, one of the primary obligations of a democratic form of government is to see to it that a legislative program is adopted which will promote the general welfare. The Senator from New York has a substitute bill which, in my judgment, goes much further in promoting the general welfare in the field of social security than does the administration's bill, on which we are to vote tonight.

I wish briefly to comment on 2 of the most important provisions of the bill of the Senator from New York, one of which seeks to cover farmers on a voluntary basis. We have somehow developed the false notion that if a person is a farmer, even a tenant farmer, the population of the country as a whole should not show an interest in what happens to that individual when he or she approaches old age. The fact is that there

are large numbers of occupants of the land in America who are in as great need of social security benefits when they approach old age as are factory workers and city dwellers.

The provision of the Senator's bill which seeks to extend the coverage of social security in our social security system is long overdue. I deeply regret that the administration bill does not provide such extended coverage, so that we might vote on the question tonight.

The next item in the Senator's bill on which I wish briefly to comment is the provision which seeks to do justice to the disabled.

Mr. President, I do not know what we are thinking of; I do not know how we can be so shortsighted—yes, Mr. President, when it comes to living up to what I believe is the real obligation of social conscience I do not see how we can be so cruel as to take the position that if someone 30, 35, 40, or 45 years of age becomes totally disabled, that person must wait until the retirement age under social security, when the Government will give him really no benefits under social security. It is plain cruelty, Mr. President. We should recognize that one of the great social and humanitarian objectives of the social security program is to be of assistance to fellow citizens who suffer misfortune. This country cannot afford to be so parsimonious in regard to the disabled. The disabled should not be compelled to follow the course which the Senator from New York has pointed out, namely, to get rid of their few assets in order to collect even charitable benefits in their respective States and localities. That is no way to treat totally disabled fellow citizens.

Even before we vote tonight, we should accept at least that section of the Lehman bill as an amendment to the administration's bill. I have more faith in the economic strength of America than to believe that we can justify the perpetuation of the kind of injustice which now exists in the social security law with respect to the disabled.

I close by saying that I hope the Senator from New York will offer tonight at least the section with reference to assistance to the disabled. I highly commend him for the statesmanship represented by his social security bill.

Mr. HUMPHREY. Mr. President, I offer a series of amendments which I send to the desk and ask to have stated. They relate to funeral directors or morticians.

The VICE PRESIDENT. The clerk will state the amendments offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. On page 29, between lines 5 and 6, it is proposed to insert the following new subsection:

FUNERAL DIRECTORS

(l) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out "funeral director."

On page 29, line 7, it is proposed to strike out "(l)" and insert in lieu thereof "(m)."

On page 29, line 11, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 30, line 3, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 108, between lines 24 and 25, it is proposed to insert the following new subsection:

(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out "funeral director."

On page 108, line 25, it is proposed to strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, it is proposed to strike out "and (c)" and insert in lieu thereof "(c), and (d)."

The VICE PRESIDENT. Without objection, the amendments will be considered en bloc.

Mr. MILLIKIN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MILLIKIN. Do these amendments deal entirely with funeral directors?

Mr. HUMPHREY. They are especially directed toward that particular category. As I have said to the Senator, I have in my hand a telegram from the president of the Funeral Directors' Association of America, who happens to reside in my State, and who has asked that funeral directors be included, after a vote which was authorized in their 1953 convention.

Mr. MILLIKIN. Mr. President, I do not believe there is a great deal of doubt as to whether or not funeral directors desire to come under this system. If there is strong opposition on the part of persons to coming under the system, we do not wish to bring them in, but so far as funeral directors are concerned, we agree that they wish to come under the system; and I am willing to take the amendments to conference.

Mr. HUMPHREY. I thank the Senator from Colorado.

Mr. GEORGE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. GEORGE. Mr. President, when this question first arose I looked into the situation so far as funeral directors or morticians were concerned, and found that at that time they were divided on the question of coming under social security. There was then a divided judgment. When the House had this bill under consideration this year funeral directors were included; and again they called on me, through their representatives, having called on me in 1950 and 1951, and stated without exception—these officers who were representative of a large group of funeral directors all over the country—that they were not objecting to being placed under the Social Security Act. They said that the House having put them under the provisions of the bill, they were willing to remain.

Mr. HUMPHREY. I thank the Senator from Georgia.

The VICE PRESIDENT. The question is on agreeing en bloc to the amendments offered by the Senator from Minnesota.

The amendments were agreed to.

Mr. HUMPHREY. Mr. President, I call up my amendments 8–10–54–H, relating to dentists.

The VICE PRESIDENT. The clerk will state the amendments offered by the Senator from Minnesota.

The LEGISLATIVE CLERK. On page 29, between lines 5 and 6, it is proposed to insert the following new subsection:

DENTISTS

(l) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out "dentist."

On page 29, line 7, it is proposed to strike out "(l)" and insert in lieu thereof "(m)."

On page 29, line 11, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 30, line 3, it is proposed to strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 108, between lines 24 and 25, it is proposed to insert the following new subsection:

(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out "dentist."

On page 108, line 25, it is proposed to strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, it is proposed to strike out "and (c)" and insert in lieu thereof "(c), and (d)."

The VICE PRESIDENT. Without objection, the amendments will be considered en bloc.

Mr. HUMPHREY. Mr. President, I have in my possession information, letters, and communications from representatives of the dentistry profession. One of the gentleman who appeared and testified before the Committee on Finance was Dr. Earl H. McGonagle, of Royalton, Minn., who is the president of the Midwest section of the American Dental Association. He spoke very forcefully in behalf of the inclusion of dentists under the terms of this bill. I shall not take too much time on this matter, but Dr. McGonagle, who is a member of very fine reputation and professional competence, makes this general comment in the letter which he has sent to the chairman of the committee:

Members of the American Dental Association house of delegates are usually selected among those who can afford to travel to distant points at their own expense. They are rarely instructed by the State association house of delegates, and when they vote at the ADA meeting there is no record made of the vote of the individuals. The members of the State association whom the delegates are representing have no way of learning how each delegate voted.

Mr. McGonagle points out, for example, since the Senator from Massachusetts is here, that they took a poll in Massachusetts of the dentists in that State and they found that 1,164 were for coverage and 51 were against it. In Minnesota they found out by actual poll of the Minnesota Dental Association that 927 were for coverage and 325 were against. In Oregon, 397 were for coverage and 140 were against.

Mr. HENNINGS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I should like to complete my statement. The house of delegates turned down the old-age and survivors insurance for dentists by a vote

of 312 to 64. I yield to the Senator from Missouri.

Mr. HENNINGS. The distinguished Senator is presenting some very interesting figures from the poll. Does the Senator have a poll, may I ask, of all States of the Union?

Mr. HUMPHREY. I do not, I regret to say.

Mr. HENNINGS. If the Senator had such a poll, it would be most helpful if he would ask unanimous consent to have it inserted in the RECORD.

Mr. HUMPHREY. I am going to ask at the appropriate time to have an article on this subject inserted in the RECORD.

Mr. HENNINGS. It would be interesting to see how the States line up on this very important question.

Mr. HUMPHREY. I have just been informed by my legislative aid that only four States took polls on the basis of their State organizations, and I have mentioned Massachusetts, Minnesota, and Oregon. I gave those States because Dr. McGonagle, who is the editor of one of the leading publications and contributor to Oral Hygiene, which is a professional publication, has written an editorial entitled "If You Want Social Security, Tell Your Congressman."

I now yield to the Senator from Colorado, the chairman of the committee.

Mr. MILLIKIN. Mr. President, we have been impressed by the statement made by the Senator from Minnesota, and by other similar statements. I should like to say again that the committee is perfectly willing to bring in any professional group if there is a clearly demonstrable proof that they want to come in. I think I am voicing the unanimous opinion, or almost unanimous opinion, of the committee when I state that we should not bring in any group unless that group strongly wants in.

We were also impressed with the strong statement opposing coverage of dentists, which was presented on behalf of the American Dental Association during the hearings before the Finance Commitee on this bill. Dr. J. Claude Earnest, vice president of the Association's Council on Legislation, and a member of its house of delegates, indicated this opposition in the following words:

> In 1949, the American Dental Association, through its house of delegates, adopted a policy which opposed the inclusion of self-employed dentists in old-age and survivors insurance. On three later occasions the question of changing that policy has been on the agenda of the meeting and each time it has been voted down, most recently in 1953 by a vote of 312 to 64.

How representative of the opinion of all American dentists was this position? How did the association arrive at this decision? Again allow me to quote from the statement of Dr. Earnest:

> The house of delegates functions in a manner similar to Congress. Matters can come before it by recommendation of the association's councils, by resolutions adopted by State societies, or by resolutions introduced by individual members of the House. Any matter before the house of delegates is referred to a reference committee which operates like a committee of Congress. On the subject of OASI well-publicized public hearings were held in 3 separate years. In 1951 the association distributed to dental societies throughout the country complete information kits telling both sides of the OASI story. After all these years of study and discussion the association continues to maintain its position that dentists should be excluded.

Mr. President, I am convinced that we should continue to exclude self-employed dentists in view of the fact that the association's delegates voted against compulsory coverage, not by a simple majority, but by nearly 5 to 1.

I do not say that there are not some spots in some States wherein the picture is different, but we had to take the information from the place we could get it.

I am also convinced that this decision was reached in a democratic manner after extensive efforts had been made to determine the wishes of the majority of the members of the profession.

In view of the wishes of the dental profession as expressed by Dr. Earnest, I urge that the amendment be rejected. I should like to urge that it be withdrawn. I can say to the Senator from Minnesota that whenever it becomes clear that the dentists want to be included in the system, I do not believe I am going too far in saying that I feel quite sure the Senate Finance Committee members will bring them in, or will favor bringing them in. There is no purpose in excluding them, we want to bring people under this system, but we do not want to bring them under it if they do not want to come under it, and if we have to compel them to come in.

Mr. HUMPHREY. I thank the Senator from Colorado.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I gladly yield to the Senator from Georgia.

Mr. GEORGE. I want to add that the committee is anxious for all of the professional groups to come in when they manifest a clear desire to do so. That is the attitude of the committee. At one time we went so far as to put them in under a voluntary system, but there are objections to the voluntary system in a system of compulsory insurance so far as the workers are concerned. Therefore, we abandoned the idea and rescinded a vote that had been taken to put them in on a voluntary system, but with the full understanding that in the case of any profession, be it lawyers, doctors, dentists, or what not, when we have a reasonable showing that there is a clear desire of the majority to come in, we will bring them in. That is the attitude of the committee.

But here is what I arose to say: We all recall the late Senator Hunt, who was himself a dentist and had been president, I believe, of the American Dental Association. In the last days of his life the Senator had a bill prepared to bring the dentists in on a voluntary basis, expressly providing in the bill that whenever the dentists elected to treat their services as a trade or business they might come in. In other words, it was a voluntary system.

Mr. HUMPHREY. Could we take that method?

Mr. GEORGE. Let me explain. Following the death of Senator Hunt, at the request of his assistant, I introduced the bill, and the bill has been here since June 24. I have received, of course, a great many responses to the bill, and all the dentists who wrote me indicated, "We do not wish to be forced in, but we would be willing to come in on a voluntary basis."

At that time, as I say, we were hopeful that we might induce the agency to try out a voluntary system so far as the professions and farm operators were concerned. However, they convinced the committee that the voluntary system would not work. It was too hazardous to undertake to try it. As a longtime advocate of that system, I felt that it might work under certain conditions, but there was one notable example of its failure to work, and that was in the case of Canada. Under a social-security plan much like ours they tried the voluntary system, and it did not prove successful.

I merely call attention to the bill to which I have referred. I do not intend to offer it as an amendment because we abandoned the voluntary basis of coverage so far as the professions were concerned. I call attention to the fact that the late Senator from Wyoming, Mr. Hunt, who was himself a dentist, and had kept in very close touch with his profession, had drawn the bill and I merely introduced it following his death.

Mr. HUMPHREY. Would it not be possible to experiment at least with one area of the professional class, such as dentists? I do not wish to prolong this discussion.

Mr. GEORGE. I am a strong advocate of permitting any group which so desires to enter under the plan, but we were convinced that it would not work. We are experimenting with the idea of having preachers and ministers come under the plan.

Mr. HUMPHREY. Yes; I know that.

Mr. GEORGE. But there are special reasons why we have decided to select them.

The THYE. Mr. President, I wish to comment briefly on what the able Senator from Georgia made reference to, the question of the coverage of farmers. I have received a great number of letters on the subject. I took the question up with the chairman of the committee, the Senator from Colorado [Mr. MILLIKIN], and the committee staff, in an attempt to explore the possibility of having coverage for farmers. After all, farmers are paying a great deal into the social-security fund in the prices which they must pay for the articles which they purchase in their daily or annual farm operations. The chairman made it quite clear to me that some of the farm organizations objected to farmers being covered because they themselves had not solved all their problems. I think I am stating the situation correctly, am I not?

Mr. MILLIKIN. The difficulty has been that organizations sometimes have stated that they were in favor of such coverage, but we have not been able to reach the grassroots and obtain an au-

thentic poll showing that farmers desire to be covered. Once there is evidence that farmers show a strong interest in being covered, they will get coverage. We do not wish to pull them in by the ears, when there is not sufficient strength behind the requests which have come to us to indicate that farmers in overwhelming numbers desire to be covered by social security.

Mr. THYE. A few farmers have written to me. I share the feeling of my colleague. Mention was made of dentists. Quite a number of my personal friends in the dental profession have consulted me. I appreciate the problems with which they are faced. I am glad this discussion has taken place, because it gives us some understanding of the problems involved.

Mr. MILLIKIN. As being of further possible interest regarding the farmer aspects of the problem, members of the committee held a sort of impromptu poll regarding the mail they had received. We received much mail from organizations, but it was very seldom that a letter came from an individual farmer saying, "I want to come in," or "I do not want to come in." Whenever the farmers show in demonstrably clear fashion that they wish to be covered under social security, it is my opinion that they will be covered.

YURI A. RASTVOROV GRANTED ASYLUM

Mr. KNOWLAND. Mr. President, would the Senator be willing to yield to me not to exceed 10 minutes, so that I may speak relative to a note which was transmitted to the Russian Ambassador this morning by the State Department?

Mr. MILLIKIN. I am happy to yield to the majority leader.

Mr. KNOWLAND. Mr. President, I should like to read a Department of State press release No. 441, which was released at 8 p. m.:

The Department of State today transmitted to the Soviet Embassy a note, the text of which is set forth below, concerning the case of Yuri A. Rastvorov, former official of the Soviet mission in Japan:

"The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and, with reference to the Embassy's inquiries regarding the whereabouts of Mr. Y. A. Rastvorov, has the honor to inform him that Mr. Rastvorov has requested the appropriate American authorities that he be granted political asylum.

"Mr. Rastvorov's request has been granted and he is now residing in the United States. If the Ambassador wishes to talk with Mr. Rastvorov, he is available for an interview immediately."

The Department of Justice has issued the following statement with regard to the authorization granted to Mr. Rastvorov in connection with his entry into the United States:

"Attorney General Herbert Brownell, Jr., announced today that Yuri A. Rastvorov, the Soviet official who sought the protection and assistance of American authorities, has been granted temporary entry into the United States under the auspices of the Department of State, and is now in this country. The Japanese Government has been kept appropriately advised.

"His entry was authorized under the discretionary powers vested in the Attorney General by the Immigration and Nationality Act.

"Yuri A. Rastvorov has been in consultation with American officials since his arrival in the United States. He has also been interviewed in the United States by Japanese officials."

Attached hereto are copies of the following pertinent documents concerning this matter:

1. Mr. Rastvorov's request for asylum;
2. Biographic information concerning Mr. Rastvorov.

"REQUEST FOR ASYLUM

"I, Yuri Alexandrovich Rastvorov, motivated solely by my own wishes, and for political reasons, hereby request the United States Government for political asylum.

"YURI ALEXANDROVICH RASTVOROV.

"JANUARY 24, 1954."

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks the biographical sketch which immediately follows.

There being no objection, the biographical sketch was ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL SKETCH

Yuri A. Rastvorov was born July 11, 1921, in Dmitrovsk, in Central Russia. His parents had one other child, a son who died in infancy.

Rastvorov's mother, who was a physician, died in 1946. His father, an army officer, retired in 1947 with the rank of colonel and was last reported living in Moscow.

Rastvorov attended middle school in Moscow and studied at the Geodesy Institute there.

He was drafted into the army in November 1939 and was assigned to the Institute of Oriental Languages in Moscow the following year. The institute was maintained by the military intelligence division of the Soviet Army for language and other special training for intelligence work in the Far East. Rastvorov was commissioned a second lieutenant in the military intelligence service in 1941.

In February 1943 he was transferred from military intelligence to the secret political police (NKGB) and assigned to the NKGB Intelligence Directorate in Moscow.

He was sent to Japan in January 1946, ostensibly as a Ministry of Foreign Affairs employee but in reality as an espionage agent of the Ministry of State Security (MGB) later in the Ministry of Internal Affairs (MVD). He returned to Moscow in late 1946 and was reassigned to Japan in June 1950. Although performing the same duties as before Rastvorov was now listed as a second secretary of the Soviet mission.

He had the rank of lieutenant colonel in the MVD when he sought sanctuary in the United States early this year.

Rastvorov married Galina Andreyevna Godova in January 1945 in Moscow. They have one child, Tatiyana, born in October 1945.

Mr. KNOWLAND. Mr. President, I now read the translation:

AUGUST 13, 1954.

TRANSLATION OF STATEMENT OF YURI A. RASTVOROV

I wanted to live like a decent human being. I wanted to be treated decently and I wanted to be able to treat other people decently.

It is impossible to live like this under communism. People do not dare treat each other decently or trust each other or speak freely to each other.

In all my life until I came to America I had only one friend with whom I could speak fairly freely without fear. He was killed in the war. I could not even speak freely with members of my own family.

When I was a baby my mother had me baptized. But she was so afraid of what the Communists would do to her for this that she had me baptized secretly. She did not even tell my father.

When I was a child, my grandfather—my father's father—owned a small farm near Orel. He had two horses and a cow. Since he had no one to help him work the farm, he once hired a man to help him get the crops in during the harvest. For this the Communists called him a kulak—a rich peasant—and took away everything he had and made it impossible for him to earn a living any other way.

My mother sent my grandfather bread secretly from time to time without letting even my father find out about it. But my father did not dare do anything to help. He stopped seeing his father. He was afraid that if he did the Communists would punish him. My grandfather starved to death in 1930.

My father had a brother who was an army doctor. He was taken prisoner by the Germans in the Second World War. When he was freed, the Communists sent him—like thousands of others—to a "quarantine" camp to check on his reliability. He was kept there for 3 years. When he was released, I was afraid to see him or have anything to do with him, in spite of the fact that I was extremely fond of him. I was afraid I would be punished if I did, maybe dismissed from government service, because he was under suspicion and always would be for having been in contact—as a prisoner—with the outside world.

This is what life is like under communism. These are the sorts of things communism does to people.

I tried hard all my life to believe in this system but I could not. From the time I began to understand life a little, the things I saw made me feel more and more doubt and bitterness and hatred.

Finally all this—especially after I saw with my own eyes how people live their own lives and how they get along with each other in free countries—made me decide to leave forever a fatherland which the Communists had turned into a concentration camp.

Now I hope I can make a new life in this country, a normal life like the lives of other people. I hope I can become an American like other Americans.

Mr. JENNER. Mr. President——

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator from Colorado yield to the Senator from Indiana?

Mr. MILLIKIN. I yield.

Mr. JENNER. I wish to state that the Internal Security Committee has been interested in this situation for some time. Since this announcement has been made, as of 8 o'clock this evening, I have been in contact with the authorities of the executive branch of the Government and have requested that our committee be permitted to have Mr. Rastvorov appear to testify in executive sessions and possibly open sessions later. We wish to go into the whole matter of his defection, his reasons therefor, and so forth. I have contacted the authorities and have been assured that that will be allowed.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal

Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HUMPHREY. Mr. President, I should like to complete my statement on the pending amendment. I understand my time has run out, so I will ask the chairman of the committee to yield me sufficient time to enable me to complete my statement.

Mr. MILLIKIN. I will yield. Let us start with 5 minutes.

Mr. HUMPHREY. I wish to ask the Senator this question: Is it not true that the professional groups are included in the House bill?

Mr. MILLIKIN. Yes, on a mandatory basis except for self-employed physicians.

Mr. HUMPHREY. Is it possible this bill may go to conference?

Mr. MILLIKIN. There may be a conference on it.

Mr. HUMPHREY. If it does go to conference, will the Senator keep at least an open mind on the question of including in it the professional group, the dentists, to which I have just referred?

Mr. MILLIKIN. Not on a voluntary basis. We have discussed that question in the committee thoroughly. It was the committee's opinion that to include such a provision would reverse the original attitude the committee took, because, based on later information and more mature thought, it was realized that our particular security system cannot be operated on a pick-and-choose voluntary basis.

Mr. HUMPHREY. Mr. President, I should like to ask unanimous consent to have printed in the RECORD an editorial entitled "If You Want Social Security, Tell Your Congressman," written by Dr. Earl H. McGonagle.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IF YOU WANT SOCIAL SECURITY TELL YOUR CONGRESSMAN

(By Earl H. McGonagle, D. D. S.)

The Congress may mistakenly regard the house of delegates as an accurate barometer of all dentists' sentiments.

There seems to be a discrepancy between the action on social security by the house of delegates of the American Dental Association and the sentiment of the members that it represents. The house of delegates turned down old-age and survivors insurance for dentists by a vote of 312 to 64.

To my knowledge three State associations have conducted reply postal card polls of their entire membership on the subject of old-age and survivors insurance (OASI) for dentists, with the following large majorities favoring it:

	Yes	*No*
Massachusetts	1,164	51
Minnesota	927	325
Oregon	397	140

The totals of these figures are 2,488 yes and 510 no, or approximately 80 percent favoring OASI. It will require a psychologist to explain the action of the delegates, considering this evidence of the true sentiment of their constituents. Perhaps if it had been a secret ballot, instead of a standing vote, the count would have been different. If complete polls were to be conducted in other States it is probable that the results would be similar to those of the three States listed here.

At the meeting of the reference committee on insurance held in the Statler Hotel in Cleveland it was evident that the members of our profession know little about the cost and benefits of OASI. One question directed to the chairman was, "If dentists were covered and one would die leaving a widow and children ages 1 and 3 years, what would the family receive in benefits?" The committee chairman, acting as moderator, referred the question to the attorney, who read a few figures and percentages, but the question was not answered. Anyone who knows anything about it could have given the answer in a minute. The answer is, "From the date of the father's death to the date the youngest child becomes age 18; the widow and children would receive approximately $33,000. In addition, if she does not marry, the widow would receive a lifetime annuity of $63.80 per month at age 65."

AIDS YOUNG MEN

If dentists were covered in OASI, it would ease the anxiety of the young man with a family, who is unable to carry sufficient life insurance for proper protection such as his neighbors enjoy with the additional protection of social security. It would ease the load of older dentists who see their ability to appeal to potential patients slipping. In large industrial areas where the effects of such protection are better understood, you will find that the dentists are most favorable to OASI. Will Rogers once said: "We are most down on that which we are the least up on."

Regardless of what we may think of the social-security program, it is with us to stay. All pension funds are largely financed by passing the cost on to the consumer. Your utility company places a designated amount in its retirement fund and pays its share of the social-security tax, all of which is figured as expense and, along with other expenses, is used as a gage in determining the retail price of its services. When deductions cause the worker's pay check to shrink, he demands a raise to offset the loss, and that, also, is passed on to the consumer. If dentists were included, the social-security tax, the premium on OASI, would become an expense that all dentists must pay, and it would be added to the cost of services produced by every dentist. No one dentist would have an advantage over the other, and each would have to determine his fees with this cost included. Although a minute amount, nevertheless, that is the way it works out. The question is, Can we remain outside the program without being hurt and placing our families in an uncomfortable position? We are paying for OASI indirectly but receive no benefits.

The resolution passed at the 1953 session of the house of delegates simply states that there has been no change in the attitude of the American Dental Association with reference to old-age and survivors insurance and that the organization will explain its position when details of the proposed new law are known. Its position, unchanged, is embodied in the resolution passed by the house of delegates at San Francisco in 1949, which states, "The policy expressed by the 1948 house of delegates is hereby rescinded, and the council on legislation is directed to seek amendments eliminating dentists from any proposals to extend old-age and survivors insurance to the self-employed."

There are already several thousand dentists under OASI through being employed or being self-employed in a side line, and you do not hear objections from them. The remainder may be brought into it without asking for it, as requested by President Eisenhower, but with the house of delegates' overwhelming vote of 312 to 64 against OASI, our Congressmen may hesitate. It is important that Congressmen should be informed of the wishes of the individual dentists, and letters should be written to them without delay.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD a letter I have received from the Department of Health, Education, and Welfare in answer to a communication I had received earlier from Dr. C. D. Mitchell, Crookston, Minn., pertaining to coverage of dentists under the old-age insurance program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., July 27, 1954.

HON. HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR SENATOR HUMPHREY: This is in reply to your communication of June 28 with which you forwarded a letter from Dr. C. D. Mitchell, Crookston, Minn., Dr. Mitchell questions the advisability of covering self-employed dentists under the Federal old-age and survivors insurance program.

As you know, H. R. 9366, the bill introduced to carry out the President's recommendations on the old-age and survivors insurance program, was passed by the House of Representatives on June 1, and is now being considered by the Committee on Finance of the Senate. H. R. 9366 as passed by the House would extend old-age and survivors insurance coverage to self-employed dentists and to all of the other self-employed professional groups now excluded except physicians. While the Senate Committee on Finance has not yet issued a report on H. R. 9366, we understand that the committee has voted to continue the present exclusion from coverage of self-employed professional groups.

As Dr. Mitchell points out in his letter, the American Dental Association opposes the compulsory coverage of self-employed dentists under the old-age and survivors insurance program. Opposition to compulsory coverage also has been expressed by several State and local dental societies. On the other hand, many self-employed dentists and several societies have expressed a desire to participate in the program. The results of several polls taken by State dental associations and district societies in 1953 and 1954 were reported at the recent hearings on H. R. 9366 held by the Senate Committee on Finance. The members of the societies which were polled have indicated that they favor old-age and survivors insurance coverage as follows: Massachusetts (95.8 percent), Minnesota (74 percent), Oregon (73.9 percent), New York District No. 1 (88.9 percent), and the Chicago Dental Society (82.6 percent).

Dr. Mitchell may be interested in what President Eisenhower said about the old-age and survivors insurance program in his special message to the Congress on January 14, in which he again urged that the coverage of the system be extended to millions of current workers now excluded and made other recommendations to improve the program. Enclosed is the text of the President's message.

The President's recommendation to include self-employed dentists under the old-age and survivors insurance program was made only after very careful consideration. Moreover, the question of covering this group was given thorough study by a group of consultants to the Secretary of Health, Education, and Welfare. These consultants, who were recognized experts in social security with backgrounds in business, labor,

agriculture, and private pension plans, also came to the same conclusion.

There is no doubt but that many Americans may be able to make provisions which, barring personal catastrophes, will provide adequate family security when they die or become too old to work. Yet they, as part of the American society, cannot escape the ill effects which poverty among many other families would have on our whole economy and on our way of life. Old age and death are such universal threats to family security, and therefore to our society as a whole, that the responsibility for protecting society against these common hazards should be universal. Without universal coverage, many persons will have no opportunity to participate in the old-age and survivors insurance program and to provide economic security for themselves and their families; other people may participate for too short a period of time to qualify for benefits. People who are unable to acquire protection under the program against the loss of income due to retirement or death would have to rely in case of need upon public assistance, and the individuals under old-age and survivors insurance would have to bear a large part of the financial burden of the costs of assistance.

In his letter, Dr. Mitchell mentions the amount of life insurance which a person could buy with an amount of money equivalent to his old-age and survivors' insurance contributions. The differences between the kind of protection offered by private insurance and that provided under old-age and survivors insurance are sufficiently marked to make comparisons difficult. Private insurance and social security are basically not competitive, but are complementary to each other. Old-age and survivors insurance, with benefits related to past earnings, is intended to provide a base on which an individual can build his own security through the addition of income from all forms of private savings, home ownership, and private insurance. You may wish to send Dr. Mitchell the enclosed pamphlet on old-age and survivors insurance, as it contains information about the benefits payable under this program.

I trust this information will assist you in replying to Dr. Mitchell. I am returning his letter.

Sincerely yours,

JOHN W. TRAMBURG,
Commissioner.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have printed in the RECORD a copy of a letter from Dr. McGonagle, addressed to the chairman of the Committee on Finance [Mr. MILLIKIN].

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 10, 1954.

Senator EUGENE D. MILLIKIN,
Chairman, Senate Committee on Finance, Washington, D. C.

DEAR SENATOR MILLIKIN: I wish to add the following statement to my restricted testimony presented before the Senate Committee on Finance on July 6, 1954.

First, I wish to call your attention to testimony submitted by Dr. J. Claude Earnest on April 9 and July 6, 1954. In these statements he emphasized the fact that retirement income for dentists was unimportant as most dentists do not retire. Either through insufficient knowledge of details of the OASI program or through willful omission the more important features of protection for the families of young men and the widows of older men were omitted. As you know, if a young man dies leaving a wife and 2 children ages 1 and 3, that the family would receive approximately $38,000 up to the day the youngest child becomes age 18, and then when the wife reaches age 65 she would be entitled to a monthly income of $81.40 for life.

While many dentists do not retire there are many who should, and would if they could afford it. The wife, due to being younger on the average and enjoying a greater life expectancy, usually outlives the husband by about 10 years. At age 65 she would be entitled to a monthly income of $81.40 for life.

According to investigations by two of the leading diagnostic clinics in our country, the most common disease of dentists is "anxiety state." If the young men and the elderly men could enjoy the security referred to above much of this condition should disappear. If dentists are not included in OASI it will probably become more prevalent as the condition called "anxiety state" is caused largely through tension brought on due to a feeling of insecurity.

Members of the American Dental Association house of delegates are usually selected from among those who can afford to travel to distant points at their own expense. They are rarely instructed by the State association house of delegates and when they vote at the ADA meetings there is no record made of the vote of the individual. The members of the State association, whom the delegates are representing, have no way of learning how each delegate voted.

At the last session of the house of delegates in Cleveland when the vote on old-age and survivors insurance for dentists was taken a request for a secret ballot was denied those who requested it. In the standing vote then taken I observed the members of one State delegation voting against it although a complete statewide poll taken by the State association that they represented had approved OASI. I have been informed that other State delegations voted in a similar manner. There seems to be so much pride within the individual delegate that he has not the courage to stand up and acknowledge that he is in favor of OASI even though it is the sentiment of his constituents back home. If the vote in the house of delegates had been done on the voting machine it is very probable that the result would have been quite different.

The statements made by Dr. Earnest that OASI would encourage a dentist to retire at age 65 is absolutely silly. If an elderly dentist cannot earn much more than the retirement benefit of OASI it is time to retire, but if he is still able, and can command enough patients to earn considerably more than the OASI benefits, he would not be encouraged to discontinue his practice. Rather, he would be in a better mental state to continue as he would enjoy the feeling of security due to the protection he and his wife would enjoy under OASI in case it is needed.

Even though there are claims that most dentists oppose coverage under OASI it is not substantiated by complete secret polls that have been taken, as listed in my testimony before your committee.

Your committee likes to please the majority when consistent with the general welfare. If you recommend coverage of dentists in OASI you will please those who openly request coverage, and for those whose pride restricts them from requesting it, you will satisfy most.

At present thousands of dentists are covered through working for other dentists, hospitals, and associations. When a physician or dentist who has been employed by an association like the Mayo Clinic leaves its employ he is no longer covered. Many dentists are covered through operating a business on the side which they can sell or lease at age 65 and receive full benefits of OASI and continue practicing his profession at will. OASI should cover every worker, both employed and self-employed, so that positions can be changed without altering the status under pension setups.

Dentists and their wives were made happy when the House of Representatives included them in OASI. Most of them think they are in, definitely, so you will not hear from many favoring OASI. The American Dental Association, with its facilities, will see that you receive many requests that they be eliminated. Please judge these letters and telegrams with that in mind.

Thank you for consideration of my statement.

Sincerely,

EARL H. MCGONAGLE, D. D. S.

NOTE.—All figures pertaining to OASI benefits are according to the new proposed schedule, and assumes that the average annual income would exceed $4,200.

Mr. HUMPHREY. Mr. President, I also ask unanimous consent to have printed in the RECORD some excerpts from the testimony before the Senate Finance Committee on the subject matter of including dentists under the provisions of the bill.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

STATEMENT OF EARL H. MCGONAGLE BEFORE THE SENATE COMMITTEE ON FINANCE PRESENTED JULY 6, 1954

Mr. Chairman, I am Earl H. McGonagle, of Royalton, Minn. I am a self-employed practicing dentist who has been a member of the American Dental Association, the Minnesota State Dental Association, and the West-Central District Dental Society since 1916. It is my privilege to presently serve as president of the MTW Tri-County Dental Society and am a past president of the West-Central Minnesota District Dental Society. I am also associate editor of North-West Dentistry, the official publication of the Minnesota, North Dakota and South Dakota dental associations. And, incidentally, I am one of the thousands of dentists who are presently covered under the old-age and survivors' insurance program holding x... xxx-xx-xxxx x...

This lengthy introduction is given you because I am representing no official body of dentists and want you to understand my background. I wish to plead the case of all dentists who do not agree with the action of the American Dental Association house of delegates in regard to the inclusion of dentists in old-age and survivors' insurance.

I will first present to you evidence that indicates that the majority of dentists do want to be included in the old-age and survivors insurance program. Second, that the vote of the house of delegates and the result of the response to the questionnaires mailed to members of the American Dental Association in 1951 are not conclusive, and third, to explain why dentists are not like physicians economically and should not be eliminated from coverage in OASI just because the physicians have been eliminated by the action of the House of Representatives.

Any polls taken other than in secret and in full coverage are of little value so I will refer only to polls that have been taken in that manner. I can refer you to others that are favorable to OASI but they are not a true and accurate poll of full coverage as I have indicated, and are not of great value.

Three State dental associations have sponsored reply postal card polls of their entire memberships with the following results:

The figures are as follows:

Massachusetts, 1,164 yes, 51 no (95.8 percent yes); Minnesota, 927 yes, 325 no (74 percent); Oregon, 397 yes, 140 no (73.9 percent).

In addition, two large district societies have conducted similar polls.

New York district No. 1, 2,141 yes, 267 no (88.9 percent); Chicago Dental Society, 1,295 yes, 271 no (82.6 percent).

The results of these reply postal card polls are impressive and if other State and district dental associations would conduct similar polls it is probable that results of such polls would be similar to those I have listed. Any reference to States or sections that some claim do not agree with this sentiment of favoring old age and survivors insurance have no such evidence produced by any such polls and statements are made without sustaining evidence.

The questionnaire conducted by the American Dental Association in the year 1951 was mailed to 1 member in each 7 on its mailing list. Replies received on the question of old age and survivors insurance represented only 2,240, less than 3.5 percent of the entire membership. The result was 48.3 percent favoring and 51.7 percent opposing old age and survivors insurance for dentists. It is not known how the other 96.5 percent felt about it. However, this is the only direct contact with its members that the American Dental Association has to guide its action and even it shows a bare majority.

I feel that there is no doubt that a large majority of dentists favor inclusion in this program. In the workings of the American Dental Association house of delegates there is a psychological factor that makes it appear to an outsider that dentists are opposed to it. The delegates rarely go to the national meetings instructed and are influenced by personalities and situations at hand.

The work required of dentists and their incomes are not similar to that of physicians who were excluded from the OASI program by action of the House of Representatives. A physician can practice his profession as long as he maintains a sound mind. However, a dentist must maintain almost perfect health to carry on his office work, and it cannot be done on a part-time basis, as overhead is high and full time and full speed are necessary in order to continue practice. Many disabilities, such as skin diseases, arthritis, trembling or injured hands, impaired eyes, and a host of other conditions, will render a dentist useless in his office.

To make the old-age and survivors insurance program sound it should include every worker, both employed and self-employed. There are thousands of dentists covered through being employed by other dentists and associations and many through conducting a covered business in addition to his dental practice. I doubt that your committee has received many objections from those covered individuals.

As long as some groups are excluded from this program there will be technicalities that will make it unfair to some, and the innocent families will suffer.

In the interest of the dentists and their families, I pray that your committee will recommend their inclusion in the old-age and survivors insurance program as has been done by act of the House of Representatives.

Mr. HUMPHREY. Mr. President, I shall withdraw the amendment, so that there will not be involved the problem of going to conference with an amendment which may not be accepted.

The PRESIDING OFFICER. The Senator withdraws his amendment.

The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I should like to call up my amendment 8-10-54-I.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. HUMPHREY. I ask unanimous consent that the amendment be printed at this point in the RECORD.

There being no objection, Mr. HUMPHREY's amendment was ordered to be printed in the RECORD, as follows:

On page 25, between lines 5 and 6, insert the following new subsection:

"ACCOUNTANTS

"(1) Paragraph (5) of section 211 (c) of the Social Security Act is amended by striking out 'certified public accountant, accountant registered or licensed as an accountant under State, or municipal law, full-time practicing public accountant'."

On page 29, line 7, strike out "(l)" and insert in lieu thereof "(m)."

On page 29, line 11, strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 30, line 3, strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (l)."

On page 108, between lines 24 and 25, insert the following new subsection:

"(d) Paragraph (5) of section 1402 (c) of the Internal Revenue Code of 1954 is amended by striking out 'certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant'."

On page 108, line 25, strike out "(d)" and insert in lieu thereof "(e)."

On page 109, line 1, strike out "and (c)" and insert in lieu thereof "(c), and (d)."

Mr. HUMPHREY. Mr. President, this amendment pertains to the inclusion of accountants under the terms of the old-age insurance program and the social-security program. I have been consulted by the National Society of Public Accountants. I have been informed that on the basis of a poll of their membership the vote was 4 to 1 in favor of being included. Here, again, is an actual membership which strongly desires inclusion.

I realize the difficult problem the Committee on Finance has with regard to including such professional groups, when there are differences of opinion within a group and within the profession. However, many times in Congress we do not follow the advice of associations on legislative matters. We have not always taken the advice of the American Federation of Labor or the National Association of Manufacturers, or any trade association. Usually we try to make our own decisions.

In this instance, I feel that as we move along toward the consideration of broader coverage of old-age insurance and other benefits under social security we cannot always rely upon the so-called house of delegates of any group or their delegate assemblies.

Considerable evidence has been brought to my attention that the majority numbers in many of these groups are desirous of coverage.

I ask the chairman of the committee what his view is. I should like to have his advice.

Mr. MILLIKIN. Mr. President, it is true that a recent poll of the members of the National Society of Public Accountants shows that they favor coverage under the social-security provisions, but, according to the society's executive director, James E. Keys, a substantial number of the members qualified their ballots by indicating that they favored coverage only if all professions were to be covered. This position was based on the fact that the self-employed accountant seldom retires abruptly at age 65, and normally continues to work as long as he is able to do so.

Therefore, when the committee reached its decision to continue the exclusions in existing law of certain professional groups, we were moved by the considerations stated to make no exception in the case of accountants. We also took into consideration the fact that no member of the profession appeared before the Committee on Finance to request coverage.

I must necessarily urge upon the Senate, in order to coincide with the opinion of the committee and other views expressed here, that this amendment be defeated, if pressed. I hope the Senator from Minnesota will not press it. I hope he will convey to those who have communicated with him the feeling, so far as I can determine it, of the Senate Committee on Finance, that the accountants can come in whenever we receive evidence that they want to come in. I refer to evidence which is not the subject of controversy or dispute.

Mr. HUMPHREY. I respect the judgment of the chairman of the committee. These are most difficult decisions to make.

While I know the position the Senate committee has taken, I am also aware of the position the House committee has taken. If the bill goes to conference there will have to be a little give and take. I hope the Senator may give a little and not merely take. If the Senator will give in a little and take in the accountants and dentists, the junior Senator from Minnesota will be very happy.

In the meantime, in order to make the Senator happy, I shall withdraw my amendment.

Mr. MILLIKIN. I thank the Senator very much.

LABELING OF IMPORTED TROUT—MOTION TO RECONSIDER

Mr. McCARRAN. Mr. President, will the Senator yield so that I may make a unanimous-consent request which must be made today?

Mr. MILLIKIN. I yield.

Mr. McCARRAN. Mr. President, I desire to enter a motion to reconsider the vote by which the Senate yesterday agreed to the amendments of the House to Senate bill 2033, a bill relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear on the menus of public eating places serving such trout.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. FERGUSON. What bill is S. 2033?

Mr. McCARRAN. The bill has to do with the sale and disposition of imported trout.

Mr. FERGUSON. The trout bill?

Mr. McCARRAN. Yes, sir.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. FERGUSON. The Senator from Idaho [Mr. DWORSHAK] is interested in

the trout bill. Will the Senator from Nevada state the question again for the benefit of the Senator from Idaho?

Mr. McCARRAN. I desire to enter a motion to reconsider the vote by which the Senate yesterday agreed to the amendments of the House to Senate bill 2033.

Mr. DWORSHAK. Reserving the right to object, Mr. President, I should like to have some explanation. What is the reason for this request?

Mr. McCARRAN. I wish to have the Senate consider the amendments which were added by the House, so that they may be modified. The amendments of the House were concurred in when I was not on the floor of the Senate. I wished to make a modification, because the Senator from Nevada and the people from the State of Nevada are very much concerned as to this industry. A slight modification, I think, will do no harm to the bill.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. McCARRAN. Yes.

Mr. DWORSHAK. There was a consensus of opinion among those in the industry directly affected by the proposed legislation that at this late hour it would be advisable to concur in the House amendments, and not jeopardize final passage of the bill by reconsidering the amendments of the House and forcing a conference.

Mr. McCARRAN. That is the reason I am making the request today, so that we may work expeditiously. In my judgment it will not affect the industry.

Mr. DWORSHAK. I am in somewhat of a dilemma, because I have been advised that the industry directly affected is willing to accept the House amendments. Does the Senator from Nevada have contrary information?

Mr. McCARRAN. Yes; I have.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. I understood that the Senator from Nevada made a unanimous-consent request.

Mr. McCARRAN. That is correct.

Mr. DWORSHAK. Reserving the right to object, will the Senator from Nevada tell us what his proposed modifications are? Is he reflecting the sentiment within the trout industry? The Senator from Idaho was advised that the industry——

Mr. McCARRAN. I am reflecting the sentiments of the industry as it exists in my State. Otherwise I would not make this suggestion. If I thought my request would put the bill out of business, I would not make even this suggestion.

Mr. DWORSHAK. Does the Senator realize that he may be jeopardizing the proposed legislation? Does he prefer to take that chance rather than to concur in the House amendments?

Mr. McCARRAN. I would not take the chance if I thought it would jeopardize the final passage of the bill.

Mr. KNOWLAND. Mr. President, I believe I can give assurances to the Senator from Idaho [Mr. DWORSHAK] and the Senator from Nevada [Mr. McCARRAN]. I understand the amendments proposed to be offered by the Senator from Nevada are not likely to require prolonged discussion, and we shall schedule the bill so that it will not be jeopardized.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old age and survivors insurance programs, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The PRESIDING OFFICER. The Chair announces that the amendment by the Senator from Minnesota has been withdrawn. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, I call up an amendment which is at the desk, "8–11–54–C," which I have modified, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 63, between lines 3 and 4, it is proposed to insert the following new subsection:

EXTRA CREDIT FOR POSTPONED RETIREMENT

(j) Section 202 (a) of such act is amended by striking out the second sentence of such section and inserting in lieu thereof the following: "Such individual's old-age insurance benefit for any month after 1954 shall be equal to his primary insurance amount for such month plus one-twelfth of 1 percent of such primary insurance amount for each month (A) which occurs (i) after 1954, (ii) after the day before the first month in which he is eligible for old-age insurance benefits, and (iii) prior to the month in which he files application for old-age insurance benefits, and (B) during which either he is not entitled to any monthly benefit under section 202 or an event specified in section 203 (b) (1) or (2) occurs. For the purposes of the preceding sentence an individual shall be deemed eligible for old-age insurance benefits in the first month in which he is both fully insured and has attained retirement age."

Mr. KENNEDY. Mr. President, this amendment has been modified to change one-sixth to one-twelfth, which has the effect of changing the credit given to a worker who delays his retirement past 65 from 2 percent to 1 percent a year. As the committee knows, we face a problem of equity concerning men and women who reach the age of 65 and who continue to work. They continue to make contributions to the program but receive no benefits, though they would be eligible to receive them.

In addition, many of these men and women when they reach the age of 65 find that their earnings drop. According to the Social Security Administration, the average age of retirement for men is 69 years of age and the average age of retirement for women is 68.

The purpose of this amendment is to give workers who reach the age of 65 an additional incentive to continue to work. The incentive is very moderate. I have changed it to 1 percent of their benefit. It seems to me that would encourage such men and women not to retire at age 65. They have, under the mortality table, 14 years, as an average, ahead of them. This amendment would encourage them to continue to work for a portion of that period, thus aiding their self-sufficiency and our productive economy. It would give them a very moderate incentive and would not be very costly to the program.

I wonder if the Senator from Colorado would be inclined to accept this amendment.

Mr. MILLIKIN. Mr. President, I think the distinguished Senator from Massachusetts is working on a very laudable undertaking. The committee is very much interested in how to keep elderly people working, if they want to work, at employment for which they are fitted.

Mr. KENNEDY. The committee has made a great contribution to this effort.

Mr. MILLIKIN. We are making a study at this time. We have considered many times the problem of the aging continuing to work. We are deeply interested in what the Senator is endeavoring to do. It is a large subject, and it is one that we cannot resolve on the Senate floor.

Also, as the Senator has now modified his amendment, it would add a cost of $250 million a year, and certainly before that occurs it should be carefully studied by the committee. I wish the Senator would not press his amendment. I can assure him of the continued interest of the committee in this subject. We shall be glad to have the Senator come before us when we begin consideration of another social security bill, which is a continuing subject, also.

Mr. KENNEDY. The Senator is correct in his statement as to how much this provision would cost, but as Mr. Myers, the actuary, pointed out before the Senate Finance Committee, it is preferable not to deal in amounts but in percentages. The cost is 0.14 of 1 percent. I have looked at the figures, the high and the low, which the actuaries for the Senate Finance Committee have projected for the next 60 or 70 years. It seems to me that 0.14 percent of 1 percent would not be an excessive drain on the retirement fund. If we take the optimum conditions about which Mr. Myers talked, we find that by the year 2020 there will be $345 billion in the fund. That, I agree, is the optimum. Nevertheless, it indicates that the percentage of drain which I have discussed should not break the fund, and these people could be receiving money for their years of employment from age 65 to age 70 when they continue to work and pay in.

I should like to see them get some compensation, particularly when we are not in a period of massive unemployment, as we were in the thirties, when we were attempting to get people out of the labor market.

Mr. MILLIKIN. I am very sympathetic toward what the Senator is endeavoring to do. The best information I have confirms the cost of $250 million.

That is a large sum of money. Considering all the other benefits in this bill, I believe it is a very beneficial bill and involves considerable additional cost.

I suggest that the Senator not press his amendment. Let us make this matter the subject of continuing consideration by ourselves and by the committee. I am sure the Senator will find no lack of interest there.

Mr. KENNEDY. Mr. President, at the suggestion of the Senator from Colorado [Mr. MILLIKIN], I withdraw the amendment.

Mr. MILLIKIN. I thank the Senator very much.

The PRESIDING OFFICER. The Senator withdraws the amendment.

Mr. KENNEDY. Mr. President, I have one more amendment at the desk which I should like to call up, "8–10–54–C," sponsored by the Senator from Rhode Island [Mr. PASTORE], the Senator from Minnesota [Mr. HUMPHREY], and myself. The debate on the amendment will be very brief.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 35, it is proposed to strike out the first 3 figures in column I of the table appearing on such page and insert in lieu thereof "$10 to $12.48."

On page 35, it is proposed to strike out the first 3 figures in column II of the table appearing on such page and insert in lieu thereof "$25 to $30."

On page 35, it is proposed to strike out the first 3 figures in column III of the table appearing on such page and insert in lieu thereof "$35."

On page 35, it is proposed to strike out the first 3 figures in column IV of the table appearing on such page and insert in lieu thereof "$64."

On page 62, line 23, it is proposed to strike out "$30" and insert in lieu thereof "$35."

On page 63, line 3, it is proposed to strike out "$30" and insert in lieu thereof "$35."

Mr. KENNEDY. This is a comparatively simple amendment. The committee raised the minimum from $25 to $30. I am anxious to raise it from $30 to $35. I do not feel it would be an excessive drain upon the fund. I believe it would be of material assistance to those beneficiaries of the old-age and survivors insurance who will receive the minimum of $30 a month. As the Senator from Colorado knows, the average public assistance payment in April 1954 was $51.34. Those who are beneficiaries of the Railroad Retirement Fund, with respect to which the tax is substantially higher, receive $97.75. Civil service retirement beneficiaries in March 1954, average $120, including disability.

The Senator knows that even $35 would not go very far toward maintaining a retired man, particularly with the disabilities which a man over the age of 65 is likely to have.

Therefore, I do not believe that even taking this minimum up to $35 would be a solution to the problem. Nevertheless, even though I appreciate the fact that the committee raised the figure to $30, I believe we should raise it from $30 to $35. Even though that would not be of tremendous assistance to the beneficiary, I think it would lessen the burden on public assistance. Obviously a man cannot live on $30 a month, but must look to other systems, State or Federal, or to other sources of income.

Mr. MILLIKIN. As I see it, we are faced with a very practical problem, which we must consider with respect to anything we do on this subject. The House thought it was making a big improvement in the system when it increased the amount by $5. I do not believe that the House would accept an additional increase. That is the practical problem. It may well be that we may weight this bill down so heavily with amendments that we may find ourselves ultimately with no bill at all, because the House may very well refuse to accept such amendments. As I am informed, the amendment would cost approximately $80 million, which is not a very big figure, comparatively speaking, or as some people would regard it, but neither is it a very small amount.

I suggest that we wait for the development of some experience with the present rates, which I consider to be a little improvement over what they have been in the past. I suggest that we take a little time for observation, to find out how the program will work.

Mr. KENNEDY. According to Mr. Myers, when he testified before the committee, the best basis of figuring costs is as a percentage of payroll, rather than considering the progress of the trust fund. In those terms, the cost of this amendment would be one-twentieth of 1 percent; and if we consider the sound condition of the trust fund and the condition it will be in for the next 70 years, if we take the halfway mark between the low-cost figure and the high-cost assumptions of Mr. Myers, this would not be an excessive drain. Let us instead consider how little $35 must be for the average man to live on, an amount which we realize obviously must be supplemented.

Mr. MILLIKIN. The last thing I would want to do would be to open up for discussion at this time of night the subject of the trust fund. There is a great difference of opinion as to what the trust fund may be used for; not only as to what it may be used for, but also what the proper policy for its use should be. I believe we would encounter tremendous objection in the House in that respect. I know the House feels it went as far as it could go when it took its action in this field, which action the Senate committee adopted.

I have considerable appreciation, of course, for the arguments made by the Senator from Massachusetts. However, I do not want to become involved in doing something tonight which might stymie the whole program.

Mr. HUMPHREY. Is it not true that under the old-age assistance program, considered separately from the old-age insurance program, the Federal Government pays $25 of the first $30?

Mr. MILLIKIN. That is my recollection.

Mr. HUMPHREY. In many States there is an aggregate of old-age insurance payments and old-age assistance payments.

Mr. MILLIKIN. That is correct.

Mr. HUMPHREY. Therefore, actually by raising the old-age insurance payment we would not be spending any more money. Is not that correct?

Mr. MILLIKIN. But each of the two systems rests on a different basis.

Mr. HUMPHREY. That is correct.

Mr. MILLIKIN. If we are to have old-age assistance for as long as we are to have it, we are bound to put it to the needs test, which is obnoxious to me, and perhaps to others also. I do not know of anyone who likes that test.

The point is that in old-age assistance we must meet the need. We do not follow all kinds of philosophies. We find out whether people are in need. Every dollar a person gets in the form of interest on a Government bond, every dollar he gets from the Social Security System, and every dollar he gets from small rental property, or from anything else, has the same value, when we figure the need. When we start to fool with anything else, we destroy the whole philosophy of the system.

Mr. HUMPHREY. I do not believe the Senator and I are in disagreement. I should like to point out that the Federal Government appropriates a rather substantial sum of money every year for the old-age assistance program. I believe it is something like $400 million.

Mr. MILLIKIN. Something like that.

Mr. KENNEDY. One of every eight old-age assistance beneficiaries also receives public assistance.

Mr. HUMPHREY. If we raised the old-age insurance minimum benefits, at least with respect to persons who are the recipients of old-age assistance along with old-age insurance benefits, we would not actually have spent any more money. We would merely have taken money from one fund, to be sure, in larger amounts than was originally contemplated, but the sum total of public moneys that would go to an individual would not be changed.

I also wish to make note of the fact that the old-age insurance fund has been established for the benefit of the people who are covered by that fund. It is not a fund that is to be used for the Department of Agriculture or for the Department of Commerce. It is an old-age insurance fund established for the benefit of the people who are covered under that insurance plan. From all I have been able to gather, the fund, at least in accounting theory, if not in fact—and I think it is so in fact also—is in very good shape. I do not believe that the extra cost of the amendment would be a heavy burden upon the fund, and it may very well relieve the burden upon localities, States, and counties.

Mr. MILLIKIN. That comes back to what I thought we might be getting into when we started to discuss this point. The fund has been collected from people who expect certain things from it. We would be adding additional burdens for which those people did not think they would have to pay.

Mr. HUMPHREY. The benefit under the amendment proposed by the Senator from Massachusetts would go only to the

people who are covered by the old-age insurance program. Every person who is covered by old-age insurance hopes that the Government will increase the benefits.

Mr. MILLIKIN. That depends entirely on who gets it and by how much we increase it, and when it becomes available.

Mr. KENNEDY. We are already treating unfairly the people under the fund who are in the higher income brackets, because the fund is weighted in favor of the people in the lower income brackets. We are treating many groups unfairly as compared with other groups.

Mr. MILLIKIN. I have some opinions on that subject which I cannot express publicly.

The purpose of the fund is one of test; that is, whether anything will happen to the bonds which are in the fund, and which are the security of the obligation, because the American taxpayer must buy those bonds. The person who contributed money for social insurance, the social insuree, will also, as an American citizen, have to meet the appropriations with which to buy those bonds.

Mr. HUMPHREY. Mr. President, any time the Senator does not think those bonds are very good, since he seems to be able to look at the social-security system with more insight than the Senator from Minnesota has, I wish he would serve up some of those bonds on a platter.

Mr. MILLIKIN. The point I was making is that those who thought they were buying insurance will find that they will have paid double. They will have paid at the time, and when they get ready to redeem the bonds—and I hope they will be redeemed—they will have to pay their share of the bonds. All of that, of course, argues for the soundness of the bonds.

Mr. KENNEDY. If we take the depressing view the Senator from Colorado takes of the value of the bonds, the fund is already in bad shape. If we take the more optimistic view, it is in very good shape. The very best actuaries of our country can disagree on a prognosis by about $200 billion to zero as to what their prophecy would be as to the shape of the fund 50 or 60 years from now. Inasmuch as the cost of this amendment is one-twentieth of 1 percent, the cost would not seem to me to be excessive, particularly when we consider its beneficial effects in reducing old-age-assistance rolls and expanding the economy.

Mr. MILLIKIN. All I know about the subject is that our own staff says it would cost, as an estimate at the present time, $80 million a year, which is a great deal of money. I hope the Senator will not press his amendment, because I am sure the House would not accept it.

Mr. KENNEDY. I thought we might have a vote on the amendment, because of the general support it has.

Mrs. SMITH of Maine. Mr. President, will Senators speak a little more loudly? I cannot hear what is being said.

The PRESIDING OFFICER. The Senator from Maine requests that the Senators speak more loudly.

Mrs. SMITH of Maine. Will they not take us a little more into their confidence?

Mr. KENNEDY. Mr. President, I agree that the conversation is becoming increasingly intimate, but we have finished our discussion. I will inform the Senator from Maine, because I would appreciate her support, that my amendment would increase the amount of the minimum benefit from $30 to $35, and the cost of it would be only one-twentieth of 1 percent of the public payroll.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senatory from Massachusetts [Mr. KENNEDY] for himself and other Senators.

The amendment was rejected.

CORRESPONDENCE RELATING TO CONFERENCE REPORT ON ATOMIC ENERGY BILL

Mr. HENNINGS. Mr. President, it is apparent that the issue of public against private atomic power has not faded since the conclusion of the prolonged debate on the floor of the Senate a few weeks ago. That full-dress and enlightening discussion was, I am sure, largely responsible for the series of Senate amendments in the public interest, which went to conference. Lest, however, the enthusiastic support, which this august body demonstrated for those amendments which have been emasculated by the conferees, has since that time waned appreciably, I ask unanimous consent to have printed a few of the telegrams and messages I have received in recent days criticizing the conference report and insisting on another full debate on the issue at stake.

There being no objection, the telegrams and messages were ordered to be printed in the RECORD, as follows:

JEFFERSON CITY, MO., *August 8, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

We strongly oppose conference report on atomic energy bill. Hope you will do everything possible to help send bill back to conference with specific instructions that original Senate amendments be adopted.

JULIUS HELM,
Executive Manager, Missouri State REA.

TIPTON, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
United States Senator from Missouri,
Senate Office Building:

Hope you will support sending report on atomic energy bill back to Congress with instructions to adopt original Senate amendments. We greatly appreciate your past support.

JACK H. NEEDY,
Manager, Missouri Electric Cooperative, Inc.

CHILLICOTHE, MO., *August 9, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building:

The $12 million public investment in the atomic energy program justifies more protection than is provided under the conference agreement. Urge your support to further efforts to secure approval of amendments formerly approved by Senate.

ERNEST C. WOOD,
Manager, Farmers Electric Cooperative.

BUTLER, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Important that Senate amendments be left in atomic energy bill. Your support to such an adoption by the conferees is requested.

OSAGE VALLEY ELECTRIC CO-OP ASSOCIATION,
J. F. LAUDERBACK, *Manager.*

COLUMBIA, MO., *August 10, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

The Missouri Farmers Association, in convention yesterday, adopted the following resolution on atomic energy:

"Only through an abundant source of low-cost electric power can the people continue to expand our economy and maintain and raise our standard of living. Only the Federal Government can finance the full and effective development of our hydroelectric resources, which resources are the property of all the people. Atomic energy, developed at a cost to the Federal Government of $12 billion, is another great resource for development of electric power. We deplore the efforts to turn our hydroelectric power projects and our atomic energy developments over to a handful of private power monopolists for exploitation, and call upon Congress to resist these efforts.

Keep up the good fight.

FRED V. HEINKEL,
President, Missouri Farmers Association.

WASHINGTON, D. C., *August 6, 1954.*
Senator THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Believe compromises made in atomic energy bill in conference defeat all major gains you fought so hard for in Senate debate. McMahon Act should not be superseded by bad legislation. Sincerely and strongly urge you oppose conference report.

WALLACE J. CAMPBELL,
Cooperative League of U. S. A.

SCOTT-NEW MADRID-MISSISSIPPI ELECTRIC COOPERATIVE,
Sikeston, Mo., August 2, 1954.
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.

DEAR SIR: The Senate amendments to the atomic-energy bill seemed to be more favorable to the rural-electrification bill than the original draft.

After the conference committee passes the bill back to be voted upon for final passage, we believe all the Senate amendments helpful to the REA program should be left in the final draft of the bill.

Please use your influence along with continued support as you have in the past in our behalf.

Yours truly,

ELON PROFFER,
President.

CAMERON, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
United States Senator:

Would appreciate your support in returning atomic energy bill to conference asking for adoption of original amendment.

JOHN E. BUCK,
President, Northwest Electric Power Co-op.

POPLAR BLUFF, MO., *August 9, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building:

Respectfully request your support in sending atomic energy bill back to conference

with instructions to adopt original Senate amendment.

M. AND A. ELECTRIC POWER CO-OP,
JAMES W. OWNES, Jr., *Manager.*

WASHINGTON, D. C., *August 10, 1954.*
Hon. THOMAS C. HENNINGS, Jr.,
Senate Office Building,
Washington, D. C.:

Urge you vote to recommit atomic energy bill with instructions to conferees to insist on Senate amendments in regard to compulsory licensing of patents and adequate safeguards on preference rights of rural electric cooperatives.

JAMES G. PATTON,
President, National Farmers Union.

SOCIAL SECURITY AMENDMENTS OF 1954

The Senate resumed the consideration of the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code, so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Mr. HENNINGS. Mr. President, I call up my amendment 8–6–54–D, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Missouri.

The CHIEF CLERK. On page 136 it is proposed to strike out lines 16 through 21, and insert in lieu thereof the following provision:

EXTENSION OF PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, 81st Cong.) is amended to read as follows:

"(b) The provisions of subsection (a) shall be effective on and after October 1, 1950."

Mr. HENNINGS. Mr. President, I am glad to have joined with me as cosponsors of this amendment my colleague, the junior Senator from Missouri [Mr. SYMINGTON], the distinguished senior Senator from Pennsylvania [Mr. MARTIN], and the distinguished junior Senator from Pennsylvania [Mr. DUFF].

Mr. President, this amendment relates to the blind. It would charge section 344 (b) of the Social Security Act Amendments of 1950 so as to make the provisions of section 344 (a) of that act applicable without limitation as to time. At present the time limit on section 344 (a) is June 30, 1955, approximately a year from this time. The bill passed by the House of Representatives and reported by the Senate Finance Committee would retain a time limitation but would extend it for 2 additional years, until June 30, 1957.

The Social Security Act now permits maximum earnings of $50 a month to be disregarded by the State agencies for the blind in determining whether blind individuals are entitled to assistance under the Federal-State program. My own State of Missouri, and the State of Pennsylvania as well, have long had laws which permit blind recipients of aid to have approximately $1,100 a year in other income and still be eligible for assistance.

Before the enactment of section 344 (a) of the Social Security Act Amendments in 1950, it had been held that Missouri and Pennsylvania could not receive Federal money even for those recipients who had no other income because the States also wished to grant assistance, out of their own funds, to some blind people while permitting them to have income in excess of the amount allowed under the Federal law. The question of States' rights is involved, as well as what we consider fair treatment for the blind people of the States of Pennsylvania and Missouri.

Earnings up to $1,100 do not seem to me, nor do they seem to the people of my State, as exemplified by our State law, to be unduly high. From what I have learned in conversations with the distinguished Senators from Pennsylvania, it does not seem to the people of Pennsylvania that $1,100 is unduly high.

In my opinion, it is only fair and proper that we should be permitted to retain this standard permanently, provided that only State funds are used for payments to individuals who do not qualify under the more restrictive conditions required for Federal assistance.

The Federal law provides $600. We believe that $1,100 is not excessive for the blind to receive as income in order to come under the State provisions. In our State we are very happy to make this additional contribution to our blind people. We do not believe that the blind people who fall within the $600 limitation should be excluded, because all the blind in our State do not come under that $600 limitation. We feel that our State is advanced and is perhaps considerably more enlightened on this question than are some other States.

The enactment of section 344 (a) made these States eligible for Federal assistance for aid payments to blind individuals who meet the income limitations imposed under the Federal program. At the present time, the Federal Government shares in payments of assistance to almost two-thirds of those receiving aid in Pennsylvania and slightly more than three-fourths of the number of blind recipients in Missouri.

The States bear the entire cost of assisting those who are not eligible under the Federal program. Of the total expenditures for aid to the blind in these States in 1953, Pennsylvania bore 63.7 percent of the cost and Missouri bore 53.2 percent. In neither State was one Federal dollar used to pay aid to any individual who did not meet the stringent eligibility requirements of the Federal law. The effect of the time limitation in the present law, and also in the amendment proposed by the House and the Finance Committee, is that States which have entirely State-supported programs more beneficial to the blind than those in which the Federal Government participates, will be penalized after a specified period of time by the withdrawal of Federal funds.

Mr. THYE. Mr. President, will the Senator from Missouri yield?

Mr. HENNINGS. I shall be glad to yield in a moment. I am speaking under a limitation of time.

I believe, Mr. President, that the present situation is unjust both to the States and to the blind individuals in need of assistance.

Mr. THYE. The question which occurs to me is whether the situation in Missouri and Pennsylvania is different from that in any other State of the Union? What is the situation in those two States?

Mr. HENNINGS. I have undertaken to state the difference.

Mr. THYE. I realize that, but what is the difference?

Mr. HENNINGS. In Missouri, State assistance to the blind who get over $1,100 a year from State funds.

Mr. THYE. But the question is, What is the situation in other States? Is it entirely different, or is the situation in Missouri and Pennsylvania percentagewise greatly different from the situation in other States? I was trying to get clear in my mind what might be the situation in Massachusetts, for example.

Mr. HENNINGS. I do not know what the situation is in Massachusetts. Perhaps the distinguished chairman of the committee could help me by answering that question.

I am concerned with the problem in the States of Pennsylvania and Missouri. I know that in those States a more liberal view of the matter is taken. We are willing to do more for our blind in those States, but we are not asking for any more Federal money.

Mr. THYE. But this is an amendment to a Federal law. I wanted to be certain how the amendment would affect other States in the Union.

Mr. HENNINGS. It would have no effect whatsoever on any of the other States.

Mr. THYE. Other than Pennsylvania and Missouri?

Mr. HENNINGS. I now think I see the point which my good friend from Minnesota was undertaking to make. I am sorry for not having been more responsive to his question. I should like to be corrected by the distinguished chairman of the committee if I am in error.

I can see no way in which this amendment would affect other States of the Union.

Mr. MILLIKIN. I think it offers some special treatment which is not available to other States in the Union.

Mr. HENNINGS. Prior to 1950, Missouri was required to meet the Federal standard of not giving State aid, upon the pain of not getting Federal contributions, where the amount earned per year was in excess of the Federal criterion. Am I not correct?

Mr. MILLIKIN. The Senator is asking for Federal aid in the case of the States of Missouri and Pennsylvania, which do not comply with the requirements imposed upon other States. With the thought in mind of enabling the States to get the matter straightened out, we have given time, or have been willing to investigate and give more time. I understand the Senator desires the same thing, but he wants it permanently.

Mr. HENNINGS. That is exactly right. I hope to answer the Senator's point later, as I go into a discussion of the amendment which has been offered, and which we believe is sound from the standpoint of administration and the standpoint of simple justice. We believe it is fair to the States of Missouri and Pennsylvania, and that it is fair to the Federal Government. It provides for these States nothing more than equal treatment with other States. But it removes the sword of Damocles which now hangs over them. I strongly feel that the amendment should be agreed to, so that these States may proceed upon a long-range basis.

Aid to the blind is more generous and liberal in Missouri and Pennsylvania than that which has been permitted under the Federal law. We believe that broad and worthwhile State programs of assistance to the blind ought to be encouraged and helped by the Federal Government, rather than having their development discouraged and hampered.

In asking for the complete elimination of the time limitation on the 1950 amendment, Missouri and Pennsylvania are not asking for special treatment permitting them to use Federal funds for purposes not authorized in other States. They are merely asking for equal treatment in claiming a right to receive Federal contributions to blind people admitted by everybody to qualify under authorized Federal-State programs.

Since Congress itself, in the 1950 Amendments Act, established the principle that blind persons receiving aid ought to be allowed to earn up to $600 a year, it is very hard for us to understand why the Federal Government should deny funds to Missouri and Pennsylvania because, at their own expenses, those two States have extended this principle to include blind persons in distress, or who earn up to $1,100 a year.

Missouri and Pennsylvania have, through their State-financed programs, kept alive hope and opportunity of better lives and the achievement of self-support for all their blind people. Assisting blind individuals to rehabilitate themselves and make their contribution to society by enlarging their economic opportunities through reasonable exemptions of income and accumulations of property is an objective which ought to be at the foundation of all aid programs for the blind. Programs of assistance should not help only blind persons in distress, but should help them to get out of distress.

In answer to the suggestion made by the chairman of the committee, that we have been given some time to straighten ourselves out, as he put it, we have not viewed the situation in that way, but have interpreted it as an indication that this is unduly restrictive discretionary action by Federal administrators; and the promise by Congress, as we interpret it, is a promise of action before 1955 to clarify the rights of the States to be free from interference with State programs where no Federal funds are involved, as in this case.

We believe it is very important that action be taken now, because the principle remains the same, whether it is adopted now or in the future. The sooner this question is decided, the better it will be for everyone concerned.

The important issue is whether Federal funds are to be used as grants-in-aid to assist States to raise their standards, or are to be used to coerce States into lowering their standards as affecting blind persons within their boundaries.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. MARTIN. I appreciate very much the fine manner in which the distinguished Senator from Missouri has presented the case. We of Pennsylvania are fully in accord with what he has said.

Mr. HENNINGS. I thank the distinguished Senator from Pennsylvania.

Mr. MARTIN. I am certain the case could not have been better presented. We believe that this is an important issue, and that our States are entitled to relief.

Mr. HENNINGS. This proposal will not cost the Federal Treasury 1 cent. We believe that our program for the blind is an enlightened one, and that we should not have to pay a penalty because we are ahead of other States. We believe we should be entitled to have $1,100 a year for our blind. We are not relinquishing the position we have taken on behalf of our unfortunate citizens.

Mr. MILLIKIN. Mr. President, the committee gave careful consideration to the proposal contained in the amendment offered by the Senator from Missouri, under which Federal grants to certain States having aid-to-the-blind programs which do not meet the needs test provision of Federal law would be made permanent. It was the decision of the committee to provide another 2-year extension rather than a permanent extension, so that the present practices in administering aid to the blind in Pennsylvania and Missouri could be continued and in turn ample time would be allowed for further study on which to base a final determination.

That has already been decided upon and is in the bill. Missouri and Pennsylvania are not under any present need. They have 2 years in which to adjust their plans in accordance with those of the Federal Government.

By extending the expiration date from June 30, 1955, to June 30, 1957, as is provided in H. R. 9366, the States of Pennsylvania and Missouri would be enabled to carry out what is in effect two aid-to-the-blind programs—one under which payments to recipients would be matched by Federal funds because the need-test requirement of Federal law would be met and the other would be financed without Federal funds because the Federal requirement relating to need was not met.

To make the provision permanent at this time, as proposed by the Senator from Missouri, would be to say that the States of Pennsylvania and Missouri should continue for all time to receive special treatment that is not available to other States. In opposing this amendment, it is my thought that before June 1957, the Congress would have an opportunity to determine whether the practices in Missouri and Pennsylvania are sound and should be extended to the rest of the States. On the other hand, if the practices are found not to be sound, then Pennsylvania and Missouri should be required to meet the same conditions as are met by the other States.

I do not purport to judge what the final decision should be. I urge that the defeat of the amendment to H. R. 9366 would give ample protection to the two States now administering aid to the blind programs without a needs test. By June 30, 1957, we shall be in a better position to determine whether or not this special provision should be made applicable to all States or whether it should be deleted from the Federal law governing aid to the blind programs in which the Federal Government participates.

Mr. HENNINGS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from Missouri.

Mr. HENNINGS. Do I correctly understand the distinguished Chairman of the Finance Committee to suggest that it is possible that the Federal Government may conclude that the Pennsylvania and Missouri plans are supperior to those of the other States which are now under the plan?

Mr. MILLIKIN. They might conclude that after study; and if so I have made the suggestion then that this privilege should be open to all the States, and it should be the privilege of all of the States. At the present time we are preserving the position of Missouri and Pennsylvania by keeping it open so they can follow what they are doing for another 2 years at least and give them time to make adjustment if they want to make adjustment, and at the same time give the Federal Government a chance to determine whether it wants to give the same sanction to all States.

Mr. HENNINGS. May I ask the distinguished chairman another question in that connection? If Missouri starts to make its adjustment downward, to go from $1,100 to $600 in order to meet the requirements of the act, and if after this study which the distinguished chairman of the committee suggests be made the Federal Government decides to go up to $1,100, if Missouri is working down and the Federal Government is going up, we are adjusting to something which it has been suggested may work out entirely different, so that while we are going down the Federal Government is going up.

Mr. MILLIKIN. That simply emphasizes the difficulty, one runs into when one carves out 2 States from the 48, and puts them into a special position.

Mr. HENNINGS. Is this program costing the Federal Government any money?

Mr. MILLIKIN. I am not complaining about that situation on a temporary basis. During such a period we should be liberal, and we are liberal because we have advanced the time for 2 more years, but all the effects that the Senator is talking about result from that separate, peculiar situation in 2 States of the Union, which may be sound.

Mr. HENNINGS. That is true, because our States are more liberal.

Mr. MILLIKIN. If it is sound it should be available to all of the States.

Mr. HENNINGS. I ask the chairman this question for my own enlightement: It is true, is it not, that under this system the blind who do not come within the category required under the Federal provisions do not get any money or the benefit of any participation in Federal funds?

Mr. MILLIKIN. I take it the Senator's State does have a State system.

Mr. HENNINGS. We do have a State system. I am speaking of the Federal contribution.

Mr. MILLIKIN. If the State does not comply with the Federal requirement, the State does not receive Federal funds, and if the State feels that it is able to do so—and I assume it does—the State has another system in which the State manages its own rules and regulations. My sole point is that if the system in the Senator's State is a good one, let us extend it to the 48 States rather than carve out 2 exceptions for 2 of the States, and accommodate the peculiar situation which those 2 States find themselves in.

We do not say, "Off with your necks," but we have twice extended the period so that the State could change if it wanted to and so that the Federal Government could change if it wanted to.

Mr. HENNINGS. Of course, it is most desirable from our standpoint to change if we must change, and to know what we must do, but I am always greatly encouraged by the Senator from Colorado to know that the Federal Government has been studying this problem for 4 years.

Mr. MILLIKIN. I probably made a misstatement. We have extended it for 2 years, which indicates it was before us for the first extension of 2 years, and it was before us this year, and I have no doubt that so long as those two States are as ably represented as they are at the present time we will hear from those States again next year and the following year, and I hope we do.

Mr. HENNINGS. I suggest that we will not give up hope. At least we have the mental hospitality of the distinguished chairman of the committee. I feel that he will entertain our suggestions, as will the other members of the committee when the time comes.

Mr. MILLIKIN. The Senator has my mental hospitality; and I am deeply grateful for the Senator's remarks.

Mr. HENNINGS. I appreciate very much the spirit of cooperation which the distinguished chairman of the committee has given to all of us in that connection. This is not an easy problem. It is a very difficult one. I wish to make it clear that our State is not seeking anything more from the Federal Government. We are simply contributing more out of our own State funds to our own State program, and want to be included insofar as the other States are included and with relation to the same criteria as apply to the other States insofar as concerns the contributions to those who are below the criteria.

Mr. MILLIKIN. I thank the Senator very much.

Mr. HENNINGS. I thank the distinguished chairman.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. HENNINGS].

The amendment was rejected.

Mr. JOHNSTON of South Carolina. Mr. President, I call up my amendment 8–12–54–C and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 104, between lines 7 and 8, insert a new section as follows:

SEC. 115. (a) Section 216 (a) of the Social Security Act is amended by striking out "sixty-five" and inserting in lieu thereof "sixty."

(b) The amendment made by this section shall be effective in the case of monthly benefits under title II of the Social Security Act for months after August 1954, and in the case of lump-sum death payments with respect to deaths occurring after August 1954.

Mr. JOHNSTON of South Carolina. Mr. President, the purpose of this amendment is to reduce the eligibility age from 65 to 60, so that our citizens who have reached the age of 60 and who can qualify will be eligible to receive monthly benefits under title II of the Social Security Act. The same principle would also apply in the case of lump-sum death payments. During the past several months thousands have been laid off, especially in the textile plants, and these people have been unable to secure employment.

As Senators are aware, it is very difficult for one to secure suitable employment after a person reaches the age of 60. From my knowledge of existing conditions, I feel that this amendment is very much needed.

To call attention to what is taking place in the cotton mills of South Carolina, I might say we have approximately 160,000 people employed in the industries of my State. Having worked in the cotton mills, I know exactly what they have to do, and what they have to contend with. Let a man or a woman reach age 60, and thereafter it will be found that he or she cannot maintain the production that a younger person can. To illustrate my point, I will state what they must do.

In the weave room, the weaver will probably operate some 26 or 30 looms or more. They must walk up and down continuously all day long, and they do not have any place to sit. They must continue walking. One can imagine how long a person who reaches 60 is going to last doing that. Therefore, at the first opportunity the operators of the mill find something wrong, and these people are laid off. They cannot come in under the social-security system until they are eligible by reason of age. The situation is causing a great many people to be out of employment. Many of these people did not go to work when they were 20 years of age, but rather when they were 11, 12, or 13 years of age. I know from my own knowledge because I went to work in the cotton mills when I was 11 years of age. There are others who went to work at ages even younger than that in those days.

To give an idea as to how many people it would cover, according to the Statistical Abstracts of the United States, 1953, there are the folowing age groups in the United States 60 years of age and over:

In the age group of 60 through 64, up to age 65, there are 6,059,475 people. We know, of course, that even in the age group up to 65 a great many people will continue to work. That does not mean there will be 6 million people on the rolls, although of course, that many people would be eligible. If there were that many people added to the rolls, it would represent a cost of more than a billion dollars, but that situation would not occur. In certain industries workers lose out more than in other industries, however.

We know that in some industries elderly people can continue to work, but in other industries it is almost impossible for them to do so.

In the age group of from 65 to 69 there are 5,002,936 people. At the present time more than 3 million people are working at that age. That statement does not mean that they all come under social security. Only a small percentage of those people have been covered in the past.

We find, also, that as the age groups go up the figure as to workers employed goes down.

According to these statistics we have 18,329,012 people who are above the age of 60. Of course, all the citizens I have mentioned will not qualify, but something must be done to take care of this situation, because those people are not going under old-age assistance when they are out of employment. Probably each person has a daughter or somebody else in the family working, which disqualifies him for drawing benefits under old-age assistance.

I know at this time the bill under consideration covers other matters. It is possible the chairman of the committee will not think it is advisable to attempt to include this matter. However, I desired to call it to the Senator's attention, and in the future I hope the Senate will provide something along this line.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MILLIKIN. The purpose of the amendment is most laudable. As long as I have been around the Capitol and have been on the Senate Finance Committee, we have hoped that we could reduce the age requirements. However, the cold fact of the matter is that the way the system is set up and the way we can picture the system as being set up in the reasonably near future, at least, to provide such coverage would cost too much to be practicable

Mr. JOHNSTON of South Carolina. Mr. President, may we have order, please. I cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MILLIKIN. Let me repeat. I think the Senator's solicitude for the people of that age group is very commendable, and is shared by the members of the Senate Committee on Finance. However, as long as I have been on the committee we have always considered

the question of age whenever we have considered a social security bill What is the correct retirement age? How much can we pay? When shall the payments begin?

This suggestion, I most respectfully say, involves a very exorbitant cost. On a level premium basis, the cost would be 2¼ percent of the payroll. The actuarial estimates disclose that if the age requirement were dropped to 60 years the expenditures in the first year would be increased by $1.5 billion or $2 billion.

The adoption of this amendment would mean that the ultimate combined tax rate would have to be about 10½ percent of the payroll, instead of the present estimate of 8 percent.

Therefore, I say to the Senator that even recognizing how laudable his purpose is, no one has been able to figure out a system which will be able to carry that cost at the present time.

Mr. JOHNSTON of South Carolina. Is there any method which can be worked out to cover the situation of a person who cannot secure employment, after reaching the age of 60? Assume the person is disabled for work. Would there be any way to include one in that category?

Mr. MILLIKIN. I believe that would open up a vast field. I do not say it could not be figured out, but I think we would have to consider much larger questions, which would divide the Senate very severely. That matter may be well worth going into, but we cannot do it here.

I hope the Senator will not press his amendment, because I know it would not be accepted by the House, and I do not believe it is practicable as of this time.

Mr. GEORGE. Mr. President, will the Senator yield for a suggestion?

Mr. JOHNSTON of South Carolina. I yield.

Mr. GEORGE. It is very easy to think of a $19 billion fund, which is constantly increasing in amount, as being no burden on the Treasury. That is true in a sense, because this trust fund is collected for the benefit of the beneficiaries or those who may become beneficiaries of it.

However, I call the attention of the Senator to the fact that now, in view of the present condition of the Treasury, if we made a change in the social security law which would cost about $1½ billion or $2 billion, we would have to obtain the money some place. The Government's bond is in the fund. The Government will have to pay its bond.

The total revenue which is now available to the Government would be reduced if such a change were made in the law. When we begin to reduce it by such a sizable amount as $2 billion—and that is about what this would cost; from $1½ billion to $2 billion—with the Treasury in its present condition, that action would detrimentally affect our financial stability.

It may be that we ought to take such action. Maybe we should not have the trust fund; but we have it. The fund is not composed of money. The money would have to come from some other source for the time being.

I invite the Senator's attention to that fact. I have long worked toward reducing the retirement age in the case of women to 60 years. I thought men might very well work somewhat longer, but I felt women should be allowed to retire at the age of 60. I still believe we ought to work toward that end. At this time, however, when the Government is availing itself of all the funds at its command, and has merely IOU's out for those funds, if we are going to make a change in the system which will cost $1½ billion or $2 billion, it seems to me we had better be slow about it and that we should wait until we improve the condition of the Treasury.

Mr. JOHNSTON of South Carolina. I realized the cost when I offered the amendment, but I thought, when we were sending billions and billions of dollars overseas for other people, we certainly ought to be looking out for our own people here at home who are in need. That is my opinion. That is the only reason I have advocated anything like this. If we could not cut off the billions of dollars for aid for people who are not even giving us anything in the United States, it seems to me we could provide something for our own people here at home.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

The amendment was rejected.

Mr. STENNIS. Mr. President, I call up my amendments designated "8–11–54–D."

The PRESIDING OFFICER. The clerk will state the amendments.

Mr. STENNIS. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with and that the amendments be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. STENNIS are as follows:

On page 3, beginning with line 3, strike out all through line 20.

On page 3, line 21, strike out "(5)" and insert in lieu thereof "(3)."

On page 4, beginning with line 3, strike out all through line 6.

On page 29, line 14, strike out "(1), (2), and (3)" and insert in lieu thereof "(1) and (2)."

On page 29, line 16, strike out "paragraphs" and insert in lieu thereof "paragraph,"

On page 29, line 17, strike out "(4), (5), and (6)" and insert in lieu thereof "(3)."

On page 114, beginning with line 10, strike out all through line 18.

On page 114, beginning with line 23, strike out all through page 115, line 13, and insert in lieu thereof "SEC. 204. (a) Section 3121 (b) of the Internal Revenue."

On page 115, line 20, strike out "(c)" and insert in lieu thereof "(b)."

On page 119, line 9, strike out "(d)" and insert in lieu thereof "(c)."

On page 119, line 14, strike out "(e)" and insert in lieu thereof "(d)."

On page 119, line 15, strike out "(c) and (d)" and insert in lieu thereof "(b) and (c)."

On page 119, line 17, strike out "subsections (a) and (b)" and insert in lieu thereof "subsection (a)."

On page 120, line 2, strike out "(8) (B)."

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Mississippi [Mr. STENNIS] will be considered en bloc.

Mr. STENNIS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 10 minutes.

Mr. STENNIS. Mr. President, these amendments together propose to restore the present law with reference to farm workers. The House bill contained certain provisions with reference to farm workers which added approximately 1,300,000 persons. The Senate bill has another provision for farmers which adds approximately 2,500,000 persons.

I oppose the trend of adding people to the social security system, not by the thousands or hundreds of thousands, but by the millions. Certainly with reference to some of these groups, we are adding to a roll which will become a pension roll, and the Federal Government will have to finance a great percentage of it.

Here in one breath we are adding 2½ million people to these rolls who in time will become eligible for at least partial pensions. The basic concept of the social security system is that it is primarily for industrial workers, and I do not believe it is supposed to include great groups of people who are situated as this group is situated.

I find that there is some difference of opinion, in the first place, as to whether or not a tenant farmer, a man who leases the land, is covered by the Senate bill. I should like to ask the chairman of the committee for his opinion whether or not the provisions of the Senate bill cover a leaseholder, that is, a man who rents 50 acres or 100 acres of land. He leases the land for a year.

Mr. MILLIKIN. He is not covered, sir.

Mr. STENNIS. Under the definition of the Senate bill, is he covered?

Mr. MILLIKIN. Does he rent the land?

Mr. STENNIS. He rents it for a year. To that extent he is a leaseholder.

Mr. MILLIKIN. He is not covered if he is a renter.

Mr. STENNIS. I am glad to hear the Senator make that statement. I understood there was some difference of opinion as to whether or not the Senate bill covers a man who is renting the land, whether he is called a leaseholder, a sharecropper, or whatever he may be called in the common terminology.

I understand that one of the attorneys for the Social Security Board was of the opinion that farm tenants were included in the coverage.

I raise that point to show that there has been some uncertainty about it.

Mr. President, as I said, workers are being added to the rolls by the hundreds of thousands and even by the millions. To qualify, an individual has only to earn as much as $50 within one quarter. Under the present law he has to be regularly

employed for one quarter, and when that quarter is up he becomes eligible for the first time to be on the rolls. In the second quarter he has to earn as much as $50 and has to work, I believe it is provided, as much as 60 days during that quarter.

According to the report, about the only real reason assigned for changing the law is the difficulty of keeping the records. The Senate committee report contains this sentence:

> In general, after a farm worker has worked for one employer continuously for an entire calendar quarter, he is regularly employed in succeeding quarters if he works for that employer on a full-time basis on at least 60 days during the quarter.

In other words, the present law does not take in all the migrants who ramble around over the country and work a little here and there, here today and gone tomorrow.

Reading further, the report says:

> Records must be kept over a substantial period before it is clear whether or not an individual is covered.

The Federal law makes it rather severe on the employer and holds the employer responsible for knowing whether or not the man was employed during the preceding quarter, and when he meets the requirements. But this onus is certainly not sufficient reason to add 2½ million more to the rolls, merely to avoid bookkeeping.

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. STENNIS. In a moment.

The report further says:

> The bill—
>
> Meaning the Senate bill—
>
> would substitute a simple coverage test for the present test—

Meaning that under this law the bill would give a simple coverage test, and that is about the only real justification.

I am now glad to yield to the Senator from Texas.

Mr. DANIEL. Does the Senator mean to say that under the bill which is now before the Senate, anyone is eligible for coverage who earns as much as $50 during a quarter?

Mr. STENNIS. The Senator is correct. I read from the report:

> A farmworker would be covered with respect to his work for an employer if he is paid at least $50 in cash wages by that employer in a calendar quarter.

It is a fact, Mr. President, that the only thing a person has to do to qualify and to be covered under this law is to earn the relatively small sum of $50 during a 90-day period. He then comes under social security coverage. That kind of worker is not going to pay any of the cost. The entire burden will fall on the employer. He will be the only one who will be responsible.

I submit in all seriousness that for such a small charge, such a small contribution, such a little showing on his part—and actually he will not pay anything—it is not fair to those who are already in the social security system, who have paid into this fund, and who have a vested interest in it, to put the name of such a person on the list so in the future he will have in many respects the same vested rights as those who are regularly employed and are making regular payments.

I submit to the Senate that this is a matter of keeping faith with those who are already on the rolls, who are making contributions, and who are making this fund work. I believe it is such additions as this which will eventually trip up this program and cause it to become unsound financially. When that happens, it is automatically converted into a pension system.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield.

Mr. JOHNSTON of South Carolina. If it be true that the worker must earn $50 in a quarter, or 90 days, how much would he receive each 90 days after he was 70 years of age?

Mr. STENNIS. The Senator from Mississippi does not have that figure at hand.

Mr. JOHNSTON of South Carolina. The Senator will find he would draw at least $30 per month, $90 each quarter. I think that is true.

Mr. STENNIS. That is a very good point, indeed. By the comparison between those figures, the Senator from South Carolina has brought out in very vivid form, in actual dollars and cents, just what the situation would be.

By this amendment I do not attempt to change the present law. The amendment would strike out the additions under this bill and revert to the present law. I assume that those who are already covered by the law have a vested right. It is contractual to an extent, and I would not try to disturb it. When we restore the present law we go back to the formula, reading from the report:

> Under the present law, in order to be covered, a farmworker must be "regularly employed" by one employer and receive cash wages of $50 or more in a calendar quarter from that employer.
>
> The definition of "regularly employed" is complicated and difficult to apply. In general, after a farmworker has worked for one employer continuously for an entire calendar quarter, he is "regularly employed" in succeeding quarters if he works for that employer on a full-time basis on at least 60 days during the quarter.

In other words, if he stays on a job for 90 days and has the stamina and permanence and is a fixture and an economic unit, when he goes into the second quarter, he is eligible under this system and he is a rather stable and substantial regular worker. That is under the present law.

Under the bill, we are to bring in all the groups of migrant and reckless and irresponsible workers, who will pay virtually nothing, and the entire burden will fall on the employer, and those workers will get a vested right in the fund, to which they will contribute very little. In justice to those who are covered and have been paying into the fund, this amendment ought to be adopted.

Mr. MILLIKIN. Mr. President, the amendment offered by the Senator from Mississippi would exclude a group of workers who are most in need of the protection provided by the old-age and survivors insurance system. They have less opportunity to build up resources for their old age than do most other members of the working force. They are not covered by any other retirement plan. And because they must often move from place to place to perform their work, they are often unable to meet the residence requirements of public assistance programs.

I feel called upon, therefore, to make a special plea on the behalf of the coverage for agricultural workers provided in the bill as reported by the committee. Four years ago when the 1950 social security amendments were before the Senate I said, in discussing the need for making the system more effective in agricultural areas, that we must deal with the question of coverage of farm workers more thoroughly than we had so far. I also said at that time:

> We are covering only a small proportion of the farm workers. The administrative difficulties of trying to keep track of migrant workers, of getting and keeping them covered * * * seem at times to be almost insurmountable. Yet I am hopeful that further study will result in clarifications.

Mr. President, I am satisfied that these administrative problems have been solved, and that the provision of the present bill—to cover agricultural workers who earn at least $50 in a calendar quarter from one employer will present no burdensome administrative problems on the farmers of the Nation. The $50 cash test, for example, makes it unnecessary for the farm employer to report on workers hired for only 2 or 3 days and would also avoid nuisance reporting of small amounts of wages. At the same time the $50 test sets a level which will cover some migrant agricultural workers who must move from one job to another in order to harvest our crops.

The committee was influenced by the fact that this method for covering agricultural workers was recommended by the President in his message of January 14, 1954, after a study had been conducted as to the feasibility of extending coverage of the system. A distinguished group of consultants—including representatives of the National Grange, the American Farm Bureau, the life insurance industry, labor, and the Departments of the Treasury, Agriculture, and Health, Education and Welfare—participated in this study. This group concluded that the regularly employed test in existing law should be eliminated. Under this regularly employed test after a farmworker has worked for one employer continuously for an entire calendar quarter, he is covered if in succeeding quarters he works for that employer on a full-time basis on at least 60 days during the quarter. It was the opinion of the study group that this test is an unnecessary complication. The test in existing law limits coverage of agricultural workers to only about 700,000 individuals. By employing the $50 cash test provided in H. R. 9366, an additional 2.6 million farmworkers would be afforded the protection of the system. These people need protection against want in their old age. Their families

need protection when the breadwinner dies.

Finally, I wish to point out that lack of coverage of farm workers has an important effect on public assistance costs. In the farm counties of this country, 31 percent of the aged people are receiving old-age assistance while only 13 percent are getting old-age and survivors insurance benefits. In nonfarm counties the situation is almost reversed since around 36 percent of aged persons get old-age insurance benefits while only 17 percent receive old-age assistance payments.

A situation which finds nearly 1 out of ever 3 aged persons in farming areas on public relief is not good for human dignity, and morale, and not desirable from the standpoint of the taxpayers either. Coverage of additional farm workers will thus be an important step in decreasing the number of people who are forced to ask for old-age assistance in their declining years, and thus help to decrease the cost of the assistance programs which are financed from general revenues.

Around 2.6 million farm workers would lose the right to social security benefits if this amendment is accepted.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. STENNIS. The amendment would not affect anyone who is already on the rolls. That is correct, is it not?

Mr. MILLIKIN. That is correct.

Mr. STENNIS. I understood the Senator to say that 2,600,000 persons would lose the benefit of the act. They do not have the benefit now, and therefore the amendment would not deny the benefit to them.

Mr. MILLIKIN. I am not saying that they already have coverage. However, 2,600,000 people who do not have protection at the present time would get it if the bill passes unamended in the particular which the Senator has described.

Mr. STENNIS. The Senator from Colorado is correct.

Mr. MILLIKIN. I urge the Senate to reject the amendment, so that these workers who are most in need of such protection may be covered by the social-security system.

Mr. STENNIS. Mr. President, I yield myself 2 minutes. This is certainly not a relief measure. It is certainly not a pension plan. If it were, of course the people to whom the Senator from Colorado has referred would be entitled to be placed on the rolls. That is not the purpose of the bill. If we maintain the system as a sound social-security program, it must be maintained on a sound financial basis. That is one of the main reasons for my objection to those people being included. I come from a State which has many farm workers.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. STENNIS. I yield.

Mr. THYE. Is is not true that when the program was first put into effect, the people who are covered under it had to meet certain qualifications for old-age insurance? In other words, they had to qualify in the first quarter during which they contributed. We are always confronted with that situation. We are confronted with it now. Unless we broaden the system and permit these people to come under it, we will have many people walking up and down the streets asking for handouts, trying to find some support through gifts or other generosity of the public. I believe those people must be taken care of. We must take care of the people who reach the age of 65, and who are reaching the age of 65 within this calendar year, even though they have been working and making a contribution for only a period of 3 months. At any rate, if a person has already reached the age of 65, I am sure the Senator would not deny him the right of coming into this program and receiving the benefits of it.

The PRESIDING OFFICER. The time of the Senator from Mississippi has expired.

Mr. STENNIS. Mr. President, will the Senator yield me 2 minutes?

Mr. MILLIKIN. Certainly. I should like to have the Senator yield to the Senator from Minnesota.

Mr. THYE. I will say to the Senator from Mississippi that the chairman has some time available. I fully appreciate the fact that I have trespassed on the time of the Senator from Mississippi. I have completed my statement, and I am happy that the chairman has surrendered some time to the Senator from Mississippi.

Mr. MILLIKIN. I am glad to yield some time to the Senator. How much time does the Senator from Mississippi desire?

Mr. STENNIS. I would appreciate it if the chairman would yield me 2 minutes.

Mr. President, my point is that as to persons 60, 62, 64, or 65 years of age, it is not good practice to try to exclude them from the program. I am talking about the long-range program. If we want to give them special relief, that can be provided by another bill. I am talking about the choking-down effect in afteryears. I have before me figures from the report. The Senator from South Carolina is correct in his statement. The minimum monthly benefit amount for a retired worker would be $30. I shall not go into further detail.

Mr. THYE. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. They could get up to $30 a month on reaching the age which I have mentioned.

I yield to the Senator from Minnesota.

Mr. THYE. A man must work a minimum of a year and half before he is eligible. There is no way of reaching this question, because we shall always have men or women reaching that age, no matter what we do. Therefore, if they work a year and a half before they can become qualified, that is a safeguard in itself.

Mr. President, I believe the Senator's amendment should be defeated. He is trying to give aid to those who otherwise would be on direct welfare if they did not come under such a bill as that which is before us.

Mr. HOLLAND. Mr. President, will the Senator from Minnesota yield?

Mr. THYE. I shall be glad to yield if I have a right to yield.

Mr. HOLLAND. Is there anything peculiar about the old-age program with reference to the point of qualification? Is it not true that under commercial life insurance, disability insurance, or accident insurance policies, if only a few payments are made and an accident or disability occurs, the benefits accrue? Is it not true that in connection with every other type of commercial insurance the decision is based on the average, and not on individual cases?

Mr. THYE. The Senator is entirely correct. There must be a beginning, and it is determined actuarily, based upon life expectancy. I think the committee should be commended for having gone into this subject, and for extending and expanding the law so as to enable people to live in dignity when they approach old age.

Mr. HOLLAND. With reference to living in dignity, I am sure the Senator means that instead of having to live, in the event of old age, on a dole granted by a friendly government, the beneficiary lives upon something that has been earned, whether by few payments or many payments. He has the benefit of something as a matter of right. That would lend dignity to one who claims under this kind of an act, rather than by receiving a dole.

Mr. THYE. That is the thought and the philosophy which brought about the Old-Age Insurance and Survivors Act.

Mr. CASE. Mr. President, will the Senator yield?

Mr. MILLIKIN. I am glad to yield some time to the Senator from South Dakota.

Mr. CASE. In my own operations I have discovered that someone who worked for me in the haying season was not covered. Under the law I withheld regular contributions for my regular workers. The man did not work enough in the succeeding quarter to earn his qualification. It seems to me that if we are to treat them all alike, we should permit them to work for a short period in other types of employment. A person who works for 3 or 4 months can qualify, but if a man works through the entire summer season, unless he works for more than a limited number of days, he is not setting aside anything for his entitlement. It seems to me it is desirable to treat all laborers alike, and not to discriminate against farm laborers.

Mr. MILLIKIN. Mr. President, I wish to add one reminder. We are talking about a measure of social security and protection for 2½ million persons who have, perhaps, the greatest need of assistance of any group of our people. I hope we shall take an enlightened, progressive attitude toward this problem and bring under the coverage of this system those people who so badly need assistance.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments of the Senator from Mississippi [Mr. STENNIS].

The amendments were rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HAYDEN. Mr. President, I call up my amendment 8-11-54-B offered on behalf of myself and my colleague, Mr. GOLDWATER, who is now occupying the chair, and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Arizona.

The LEGISLATIVE CLERK. On page 24, between lines 4 and 5, it is proposed to insert the following:

ARIZONA TEACHERS' RETIREMENT SYSTEM

(j) If, prior to January 1, 1956, the agreement with the State of Arizona entered into pursuant to section 218 of the Social Security Act is modified pursuant to subsection (d) (3) of such section so as to apply to service performed by employees in positions covered by the Arizona Teachers' Retirement System the modification may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to service performed in such positions after an effective date specified in the modification, but in no case may such effective date be earlier than December 31, 1950. For the purposes of any such modification, all employees in positions covered by the Arizona Teachers' Retirement System shall be deemed, notwithstanding the provisions of section 218 (d) (6) of such act, to constitute a separate coverage group.

On page 24, line 7, it is proposed to strike out "(j)" and insert in lieu thereof "(k)."

On page 28, line 18, it is proposed to strike out "(k)" and insert in lieu thereof "(l)."

On page 29, line 7, it is proposed to strike out "(l)" and insert in lieu thereof "(m)."

On page 29, line 23, it is proposed to strike out "and (k)" and insert in lieu thereof "(j), and (l)."

Mr. HAYDEN. Mr. President, I yield myself 3 minutes.

The Arizona teachers' retirement system had to be abolished in order to bring the teachers under the Federal social-security system. The State thought that had been done, but it was decided that the system was not actually abolished. What we are trying to do by this amendment is to take proper action to make the benefits of the system retroactive to the time when the State thought it had abolished the system.

That is about all there is to the amendment.

Mr. MILLIKIN. Mr. President, I am familiar with the amendment offered by the distinguished Senator from Arizona. I believe his amendment does correct an error. I believe the error should be rectified, and I shall be very happy to take the amendment to conference. The distinguished senior Senator from Georgia [Mr. GEORGE] agrees with me.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN] for himself and his colleague [Mr. GOLDWATER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oklahoma.

The LEGISLATIVE CLERK. On page 18, line 3, after the word "shall", it is proposed to insert a comma and the following: "if the State so desires."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield myself 2 minutes.

On page 17 of the bill, beginning at line 24, and continuing on page 25, the following language occurs:

If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall—

At this point my amendment would insert—

if the State so desires—

Then the text of the bill would be resumed, as follows:

be deemed to be a separate retirement system for the employees of each such institution of higher learning.

The sole purpose of the amendment is to make the provision contained in the bill effective in the event the affected State so desires. I believe the amendment is agreeable to the distinguished chairman of the committee.

Mr. MILLIKIN. Mr. President, I think the omission of the words "if the State so desires" probably was an inadvertence. In any event, I am certain the committee would agree that the words should be inserted; therefore, I am glad to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer another amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 9, line 1, after "ministers", it is proposed to insert "and Christian Science practitioners."

On page 9, line 13, it is proposed to strike out "effect.'" and insert in lieu thereof the following: "effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect.'"

On page 107, line 15, it is proposed to strike out "effect.'" and insert in lieu thereof the following: "effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under subsection (e) is in effect.'"

On page 107, beginning with line 19, it is proposed to strike out all through line 20 and insert in lieu thereof the following:

(e) Ministers, members of religious orders, and Christian Science practitioners.

On page 107, line 22, after "is", it is proposed to insert "(A)."

On page 108, line 1, after "order)", it is proposed to insert "or (B) a Christian Science practitioner."

On page 108, beginning with line 6, it is proposed to strike out all through line 7, and insert in lieu thereof the following: "Security Act extended to service, described in subsection (c) (4) or (5), as the case may be, performed by him."

On page 108, line 14, beginning with the word "regard", it is proposed to strike out all through line 16, and insert in lieu thereof the following: "regard, in the case of an individual referred to in paragraph (1) (A), to paragraph (4) of subsection (c), and in the case of an individual referred to in paragraph (1) (B), without regard to paragraph (5) of such subsection) of $400 or more, any part of which was derived from his performance of service described in such paragraph (4) or (5), as the case may be."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. KERR. Mr. President, I yield myself 3 minutes.

This amendment would merely provide voluntary coverage for Christian Science practitioners in the same manner as coverage is afforded to ministers in the bill which has been reported to the Senate by the Committee on Finance.

The amendment is being offered at this time because after the Committee on Finance had concluded its work on the bill, it became clear that the vast majority of Christian Science practitioners desired to be covered on a voluntary basis, together with ministers, under the self-employed provisions, rather than to be excluded.

I am certain that the amendment is agreeable to the distinguished chairman of the committee, because it is in accordance with other provisions which the committee adopted. I hope the amendment will be acceptable.

Mr. MILLIKIN. Mr. President, while the committee did not consider the specific amendment offered by the Senator from Oklahoma, it gave much thought to the question of how Christian Science practitioners should be classified and followed what we believe was their desire.

Later they evidenced to us—or at least those who communicated with the chairman of the committee did—that the treatment which has been suggested in the amendment of the Senator from Oklahoma would be entirely acceptable and desirable.

I am very glad to say that I shall be glad to accept the amendment. I believe the distinguished Senator from Georgia [Mr. GEORGE] feels as I do.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I offer a final amendment, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 9, after line 13, it is proposed to insert the following:

(3) Section 211 (a) of the Social Security Act is amended—

(A) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (7) thereof a new paragraph, as follows:

"(8) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e)).

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954."

On page 108, after line 24, it is proposed to insert the following:

(4) Section 1402 (a) of the Internal Revenue Code of 1954 is amended—

(A) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon, and

(B) by inserting after paragraph (8) thereof a new paragraph as follows:

"(9) an individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in sec. 3121 (h)).

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)."

Mr. KERR. Mr. President, I yield myself 3 minutes.

The bill as reported by the committee provides for a voluntary coverage of ministers and members of religious orders on the basis of self-employment. Due, I believe, entirely to an oversight, ministers who are engaged as missionaries beyond the boundaries of the United States do not come under the definition and language of the bill.

The object of the amendment which I have offered is to make available to those within this classification who are engaged as missionaries outside the United States the same coverage as is made available to ministers of the same classification who are pastors or who are otherwise engaged in the continental United States.

I am happy to say that this amendment also is acceptable to the distinguished chairman of the committee, and I hope that it will be accepted by the Senate.

Mr. MILLIKIN. I think the amendment of the Senator from Oklahoma should be taken to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I call up my amendment 7–13–54–C, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 120, between lines 18 and 19, it is proposed to insert the following new section:

AMOUNTS DISREGARDED IN DETERMINING NEED

SEC. 304. (a) Section 2 (a) (7) of the Social Security Act is amended to read as follows:

"(7) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming old-age assistance; except that in making such determination the State agency shall disregard, in the case of an individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(b) Section 1002 (a) (8) of such act is amended to read as follows:

"(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that in making such determination the State agency (A) shall disregard the first $50 per month of earned income, and (B) shall disregard, in the case of any individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(c) Section 1402 (a) (8) of such act is amended to read as follows:

"(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; except that in making such determination the State agency shall disregard, in the case of any individual entitled to insurance benefits under title II, the amount by which the benefit amount of such individual under such title, as increased by reason of the amendments contained in section 102 of the Social Security Amendments of 1954, exceeds the benefit amount to which such individual would have been entitled but for the enactment of such amendments."

(d) The amendments made by the preceding subsections shall be effective, in the case of any State not prohibited by State statute from disregarding the amounts referred to in such amendments, on and after October 1, 1954, and, in the case of any State which is prohibited by State statute from disregarding such amounts, on and after the first complete calendar quarter following the date on which the legislature of such State first convenes after the date of enactment of this act.

Mr. LONG. Mr. President, I yield myself 10 minutes. The amendment I am offering is to take care of what I have always thought was a blind spot in the social security old age asistance program. Many persons draw social security benefits, but in such meager amounts that they are compelled to seek State public welfare assistance. For example, in the United States today, my best information is that there are 442,000 individuals whose social security benefits are so meager that they are compelled to go to the State welfare boards and ask for public welfare assistance.

A strange thing has happened as we have increased social security benefits. Every time social-security benefits have increased for the particular class I have mentioned, persons in that class have found that their State welfare assistance payments have been reduced by the same amount. Let me give an example. Prior to 1950 the minimum monthly benefit for old-age payments was $10. In the State of Louisiana, of which I have the honor to represent in part, more than one-third of the persons who were receiving benefits from social security payments were drawing $10 a month. Those persons found that their needs were so great and that $10 was so meager a payment that they had to apply for State public welfare assistance. Many of them did so. They merely succeeded in getting $10 less from State welfare public assistance than they would have received if they had been receiving no social-security benefits at all. If the State was able to pay $50 a month, a person who was drawing $10 in social security payments would get from his State only $40 instead of $50, and he would be no better off than if he received no social security benefits at all.

In 1950 the social-security minimum payments were increased from $10 to $20. The State welfare agency of Louisiana, as well as that of every other State, was required by Federal law to reduce payments to persons receiving State welfare assistance payments by the same amount as the social-security payments were increased.

Since that time there have been further increases in social-security payments, and the same thing has occurred each time. Every time needy persons have had their social-security payments increased, they have had their State public welfare assistance payments decreased by the same amount as the social-security benefits were increased.

The bill before us would benefit 6 million persons. They would receive anywhere from $5 to $13 a month more than they are receiving now. Yet while we proceed to benefit 6 million persons who are retired and drawing social-security benefits, 442,000 persons who are drawing such meager amounts in social-security benefits that they require State public welfare and assistance would not be benefited at all, unless my amendment were agreed to. The Federal law, without my amendment, would require public assistance payments to be reduced by the same amount that social-security benefits were increased.

If we can afford to pass a bill which would provide increases of from $5 to $13

a month for every retired person receiving social-security benefits, whether he needs it or not—and the theory of the social-security law is that retired persons should benefit whether they need it or not—certainly it would seem to be wise to permit those who have paid into the social-security fund to receive a net benefit of the minimum $5 a month increase.

Without my amendment, if the bill were enacted into law it would mean that when social-security benefits are increased for the 442,000 persons on public welfare assistance rolls, the public welfare agencies would be required to reduce assistance payments to such persons by the amount of social-security increases.

I have been joined in sponsoring the amendment by the Senator from California [Mr. KUCHEL], the Senator from Florida [Mr. SMATHERS], and the Senator from Nevada [Mr. MALONE].

It seems to me that my amendment would serve a very necessary purpose. When there is an overlap between State public-assistance payments and social-security benefits, it seems to me it would be fair and reasonable to make sure that the persons receiving both benefits would be benefited by the net increase made in social-security payments.

I realize, Mr. President, that logical arguments can be made against the amendment. I fully recognize that fact. However, I also recognize that the facts are that, without the adoption of my amendment, the enactment of the bill into law would mean that those who need assistance most would receive none of the benefits provided in the bill. I hope the Senate will agree to the amendment. I also hope that the distinguished chairman of the committee will take the amendment to conference.

I point out that the amendment would not result in increasing the cost of the bill 5 cents. My amendment would merely provide that when social-security payments are increased, State welfare benefits would not be decreased by a like amount. My amendment would prevent what has been required to be done by law, which is to cut out any net benefit of increases in social-security payments to the 442,000 persons who have required extra help from State public assistance agencies.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I have an amendment on this subject, which is identified as 8–12–54–A. The amendment was directed to somewhat the same situation, except that it would cover all persons receiving old-age assistance. As I understand the amendment of the Senator from Louisiana, it would apply to the limited number of persons who are receiving old-age assistance and old-age insurance benefits. That is a limited category out of the total of 4 million or more persons affected. That is about one-tenth of that number.

Mr. LONG. Seventeen percent of those who are drawing old-age assistance are also drawing old-age and survivor's insurance under social security. It is those 442,000 needy individuals that my amendment is designed to assist.

Mr. HUMPHREY. It has been my feeling, to be very candid about it, that some base figures of earned income or any other kind of income ought to be permitted before we start to apply old-age assistance, and we should build from that point on. I felt that somewhere across the board at least $20 or $25 ought to be allowed to any person, and be disregarded in the basis for determining need for old-age assistance or other forms of public assistance. I point out that the Senator's amendment at least corrects what is obviously an inequity in the law as it now stands. If this amendment is not adopted as proposed by the Senator from Louisiana, we shall find ourselves in a situation in which we say that we have legislated benefit increases only to find that in many instances such increases were not increases in fact, but only in theory. Is that not correct?

Mr. LONG. That is correct. I yield to the Senator from Illinois.

Mr. DOUGLAS. I commend the Senator from Louisiana for putting his finger on one of the striking weaknesses in our care of the aged. In those cases, nearly half a million in number, where the aged person receives both old-age security and old-age assistance, as the Senator from Louisiana has pointed out, an increase in social security has not meant an increase in protection to the aged. It has meant assistance to the States.

The States have thereby diminished the amounts which they otherwise would contribute, and it has meant that the Federal Government has assumed the portion of the burden which the States should properly have taken. The same thing, I may say, was true when we increased the Federal contribution to old-age assistance itself. In most cases the States did not increase the amounts to the individual. What they did was to diminish the amounts which the States paid, and therefore the more the Federal Government has given in such cases, the less the State has given, and the result has been aid to the State and not aid to the needy aged. The Senator from Louisiana has directly struck at one of the weak spots in the whole system, and I hope very much that his amendment may be adopted.

Mr. MILLIKIN. Mr. President, the difficulty with the amendment is that it upsets the whole needs test, which I think is offensive to most of us, but which is a part of our social-security system in the public-assistance portion. So far as the needs test is concerned, we have it, and it must continue to mean something or the whole public-assistance side of our program will fail.

It does not make a bit of difference whether the dollar which the public assistance recipient receives is from the insurance side of the Government, from interest on a bond of the Government, from rents, or from any other source of income. It diminishes need, and it diminishes just as much its part of the insurance system if the income is obtained from other sources. So when we commence making exceptions, we are commencing to cut down the needs system; and when we cut down the needs system, we are raising the expenses of every State in the country, as well as the Federal Government.

Mr. LEHMAN. Will the Senator yield?

Mr. MILLIKIN. I yield to the Senator from New York.

Mr. LEHMAN. It seems to me that the argument advanced by the distinguished Senator from Louisiana and reinforced by my colleague from Illinois is unanswerable—that the money which the Federal Government claims to be giving to the people for old age assistance is really assistance to the States. It does not increase the amount of money that is made available to the person who needs it, but it certainly reduces the responsibility of the States and the cities.

Mr. MILLIKIN. It is true that the more we increase the cost of our public assistance program the more we increase the cost to the Federal Government and to the States. The more we decrease our standards of need the more we impose expense on the States or the Federal Government. What we wind up with is a decrease, and we take whatever one gets out of social security off the means quota under public assistance; and, therefore, the State, if it has true regard for the means of its people—and we assume that that is taken out of the picture, as though it had disappeared—must put up more money to satisfy public assistance and take care of the people who are under the system.

Mr. LEHMAN. As I understand the proposal made by the Senator from Louisiana, it would not increase the cost to the Federal Government at all. The cost would remain constant. Under the proposal, there would not be an increase or decrease in the total amount of assistance the beneficiary receives. All this proposal would do would be to relieve the States of part of their share of the assistance, which is given through public assistance.

Mr. MILLIKIN. Whatever the needs may be—and let us assume they are X—to meet the amount of X need in public assistance there must be either a contribution from the State or from the Federal Government, or both. If the needs test is reduced $5—if that represents the amount of increase to which the Senator is speaking—and we take the position we will not count that, someone must make good that amount. That is made good by a sharing between the Federal Government and the States.

Mr. LEHMAN. Mr. President, will the Senator yield for one more question?

Mr. MILLIKIN. I yield.

Mr. LEHMAN. I should like to have a little more information with regard to this question.

As I understand, we claim in this bill to be increasing Federal grants to those who are entitled to benefits from old-age and survivors insurance. We are emphasizing the claim that we are doing something that is very worthy. However, as a matter of fact, it seems to me the beneficiary does not gain anything. The situation remains constant. The benficiary does not receive any part of the additional amount which is paid by

the Federal Government, so far as his total subsistence grants are concerned. There is a deduction of an equal amount by the State, as I understand.

Mr. MILLIKIN. That is entirely true. That is what I have been talking about. The individual takes in $5 more on his insurance program. The State refers to that $5, and says, "This is revenue you have to meet your need. We are not going to raise the needs test $5. This is $5 more money to meet your needs, whatever they are."

It would be the same as if the individual received that $5 from interest on Government bonds or if he received it from stocks, or if he received it from rents. The situation would be the same.

The point of the old-age assistance part of the program is that first we set up a test of the man's needs, and then the State and Federal Government contribute toward that program. If we increase the need, we make it necessary for the Federal Government or the State, or both, to contribute more.

Mr. LEHMAN. Mr. President, will the Senator yield for one more question?

Mr. MILLIKIN. Certainly.

Mr. LEHMAN. I fail to see that we are carrying out the purposes of the bill, so far as these particular beneficiaries are concerned, because the purpose of this provision, as I have understood it, is to make the lot of 442,000 people a little bit easier, to the extent of $5 or $13. We have failed to do that. I have never understood that the social-security law was drafted or administered for the benefit of States, relieving the States and cities of their public-assistance charges.

Mr. MILLIKIN. I do not understand the Senator's point. I say that most respectfully.

Two things are involved. One is public assistance, and the other is insurance. Under what is proposed, the man is going to get $5 more, let us say, paid on his insurance. He also receives public-assistance money. Therefore, the agency will say to him, "Your need is X dollars a month. You are getting $5 a month additional revenue from your insurance. We are going to count that against your revenue."

The Senator from Louisiana says, "Do not count that particular $5."

If we followed that theory, we could exclude everything else the man receives. It is revenue, as I have said 3 or 4 times. It is the same kind of revenue as if he received a payment for Government bonds or a payment for stocks or a payment for rental. It is money which is added to the money he has, to be applied against his need.

The Senator from Louisiana is saying simply, "Deduct that money from the needs test." That certainly is not our purpose; and we are not taking into consideration the Public Assistance Act, either.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. LONG. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. LONG. I do not believe I shall require more than about 2 minutes. I yield myself 3 minutes.

I point out, Mr. President, that under this bill we are providing a gratuity of anywhere from $5 to $13 a month for 6 million people.

Let us consider the typical case of a man making $200 a month. Under the present law, if he retired he would receive $70 a month. If he is at present retired, we propose to increase his check from $70 to $78.50. On what basis? It is an outright gratuity. That is the basis for it. We would like to raise the benefits. It is an outright gift. We propose to make a gift of anywhere from $5 to $13 to 6 million people.

There is only one group of the 6 million people who are not going to be benefited. They are the 442,000 people who are classified as being needy.

In other words, we are going to take care of 6 million, but those who are classified as being needy, those who have been compelled to go to the welfare agencies and apply for welfare assistance, those who have no reserves, those who have no resources, the most needy of them all, receive no benefit. Why? Because without my amendment, Federal law requires welfare departments to go down the list and find every one of these 442,000 people, and every time they get a $5 increase in income cut their welfare check by $5.

The junior Senator from Louisiana says that if we can make a gift of $5 to $13 to 6 million people who are not needy, we let the needy have $5. I do not understand the point.

A good, logical argument has been made by the distinguished chairman of the committee. It can be said that social security does not depend upon a needs test, and that public welfare does depend upon a needs test. The only point I make is, where there is an overlap, if it is really believed that we can afford to give an extra $5 to 6 million people, Federal law should not require that payments to the needy be reduced by $5, so everybody except the needy would get a gratuity of $5 a month from the Federal Government based on this bill. In spite of all the logical arguments which can be made to the contrary, the needy should be told, "When you get your $5 you can keep it, just as all those who are not needy can keep their $5."

Mr. MILLIKIN. Mr. President, I shall not labor the argument for very long. I think the distinguished Senator is misconceiving what we are trying to do tonight. We are changing the rates, and the benefits in various instances, of a social insurance system. We are not opening a big barrel and throwing out $5 to one, $10 to another, $2.50 to another. The basis of the Senator's argument is that if we are giving something to people in one category, we should give everybody else something. I think that is the basic fallacy of his argument.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MILLIKIN. Certainly.

Mr. LONG. Can the Senator tell me upon what basis we increase the benefits to a man who had been making $200 a month from $70 to $78 without his paying an extra 5 cents for it?

Mr. MILLIKIN. We are increasing the benefits and doing all kinds of good things because the revenues of the system, into which the employer and the employee pays will carry the cost of the system. That is what we are told. The Senator heard the testimony. I heard the testimony. We are not opening a barrel to give things to people.

Mr. LONG. The Senator certainly agrees that all the retired individuals who will receive these increases are not making any additional contribution to the fund in order to pay for the increased benefits.

Mr. MILLIKIN. Let us say that is true. The fund includes many objectives which are not limited to a chess-playing operation, based upon how much a man puts on one side of the scale and on the other side of the scale. We are trying to increase the security of the people of the United States.

I am not one to say that every man gets exactly what he puts in. We are doing better than that for several classes. We are doing it consciously, not as a barrel-opening operation. This is not a gift procedure. If I were not opposed to the amendment anyway, I would be compelled to do so because the committee opposed it.

Mr. GEORGE. Let me say to the Senator from Colorado that the people who may be interested in benefits under the social security system did not deal at arm's length with the Government. The Government said, "You are in the system. You are going to be taxed. We are going to pay you such-and-such a sum each month when you qualify for such payments and have reached the retirement age." They had not a thing to say about how much they should be paid, except that Congress may have listened to their importunities. So what they were doing was contributing to a system which we now discover is able to increase the benefits to which they are entitled. The same benefits should go to those who have been retired as well as those who remain in the system and must pay the rates of taxes we impose on them. They do not indicate the amount they are to receive, as in the case of an ordinary insurance policy. They must rely upon the Congress alone to deal fairly and equitably with them when the system justifies an increase in their benefit payments.

The confusion arises between a system to which the workers have made contributions, and a voluntary system of benefits conferred by Government upon people who make no contribution whatever directly to the Government or to any fund.

It seems to me that the amendment should be rejected.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MARTIN. Mr. President, I call up the amendment of the junior Senator from Louisiana [Mr. LONG] and myself, 7-19-54-D, and ask unanimous consent

that the reading of the amendment be dispensed with and that the amendment be included at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MARTIN and Mr. LONG is as follows:

At the end of the bill, add the following new section:

"ADJUSTMENTS IN RATES OF TAXES TO FINANCE OLD-AGE AND SURVIVORS INSURANCE

"SEC. 403. The Congress shall, on or before the 1st day of April 1955, and of each succeeding odd-numbered year, determine the amount of the benefit payments and other sums which it estimates will be paid from the old-age and survivors insurance trust fund during the 2-year period beginning with the first day of the year in which the determination is being made and shall make such adjustments, if any, in the rates of tax provided for by sections 480, 1400, and 1410 of the Internal Revenue Code as may be necessary to assure that the amount of taxes collected under such sections for such 2-year period, together with any other sums covered into such fund for such period, is not less than the amount of the benefit payments and other sums which it estimates will be paid from such fund during such 2-year period."

Mr. MARTIN. Mr. President, this is the pay-as-you-go amendment. The amendment suggests that on or before April 1, 1955, and each odd-numbered year thereafter, the Congress fix the rate required to put the system as nearly as possible on a pay-as-you-go basis.

For several years I have been greatly worried that the social security system of the United States would crash under its own weight.

I have prepared an argument which I believe will sustain my position, but we do not have time to debate it properly tonight, because the hour is growing late. I ask unanimous consent that my remarks may be incorporated in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN

In the so-called pay-as-you-go amendment to H. R. 9366, the social security bill, I am happy to be associated as cosponsor with the distinguished junior Senator from Louisiana [Mr. LONG]. I cannot praise too highly the great interest he has taken in the work of the Finance Committee. He is the youngest member of our committee. I mention this because the future stability of our country means more to men of his age than any other group.

The purpose of this amendment is to provide a biennial review of the financing of the social-security program, in order to establish a rate of payroll taxation sufficient to meet the estimated benefits to be paid out under the old-age and survivors insurance system in the 2-year period.

The amendment provides that the Congress shall make an estimate on or before April 1, 1955, and each odd-numbered year thereafter, of the rate required to put the system, as nearly as possible, on a pay-as-you-go basis.

The method of financing social security has been carefully studied by some of the best economists of our country.

Some of these experts have proposed making social-security coverage universal, without using the contributory plan. Such a plan calls for the payment of social-security benefits from general tax revenue.

Another group wants to make the plan actuarially sound. This would require a contribution from the employed, employer, and the self-insured large enough to build up a fund that would take care of the future requirements of the system.

The method proposed in this amendment would take care of the payments to the beneficiaries from currently collected funds.

Those who believe in the fine ideals of social security and have always suggested that it be considered a form of insurance or savings have the desire to maintain the high morale of our people. Without a plan requiring a contribution by the beneficiary, the system would quickly degrade into a form of dole. We do not want a dole in the United States, because that would weaken the morale of our people. The great majority of Americans are self-reliant. They want to make their own security. They have done so throughout our history, and that plan has contributed greatly to the strength and growth of our country.

The people of America have always been very considerate of their unfortunate. The ideal plan would eventually make it possible for all in their old age, or if misfortune befalls them, to depend upon income earned by their own work and thrift. Government can never make security for us.

If the contributory system is abandoned and we pay for the benefits from general taxes, coverage must be all inclusive, extending to all our people.

In the consideration of social security, we must never forget the economy of the Nation. How far can we go without damaging the productive power of the country? How much can we have without damaging the national economy?

One of the strongest factors in the greatness of the United States is that we produce more per man-hour than any other country in the world.

This comes about because of our better equipment and the better know-how of our skilled craftsmen. It is because we have the savings to expand production. Also because there is a profit left for the workers and the stockholders after expenses are paid. Profit is the great incentive. It takes an investment of from $7,000 to $25,000 in plant, tools and equipment to create the job of each worker. Our workers are better educated than those of any other country of the world.

We must always remember that whatever is taken from the people in any form of taxation, whether general taxation or contributions for social security, takes that much out of their hands to spend as they see fit and to further expand our economy. The money that the people spend for schools, hospitals, churches and a better living standard makes a greater market for our industrial and agricultural production.

The American people must be informed that there is no pot of gold at the end of the social-security rainbow. They must be made aware that adequate benefits can be provided only by contributions in the form of direct or payroll taxation. It all comes out of their pockets.

The fact must always be made clear that higher benefits are impossible without a higher rate of contribution or increased taxation, and that both come from the pockets of those who work and those who invest their savings.

We are continuing to meet pressures for additional coverage and higher benefits and this will always continue. It is good politics to offer higher benefits and broader coverage. Ours is a political country and both parties play this political game. Unfortunately, all that we give to the people comes from the people themselves.

Since starting the social-security system in 1937, we have built up a trust fund of about $19 billion. This accumulation has been made possible because income has exceeded expenditures. For example, in 1953 we collected from employers, employees, and self-employed, and from trust fund earnings $4,359,000,000. We expended from this, including administration, $3,094,000,000, or a profit to the fund of $1,265,000,000. This profit has been used by the Government.

For the year 1954, we estimate that we will collect $5,567,000,000, and our expenditures will be $3,655,000,000, or a gain of $1,912,000,000.

As you know, the present rate is 2 percent each from the employee and the employer, and 3 percent from the self-employed. We contemplate increasing this in 1960 to 2½ percent each for the employee and the employer, and 3¾ percent for the self-employed. It is contemplated that we will have a further increase in 1965 and again in 1970.

From estimates based on minimum costs the fund will amount to $23,500,000,000 in 1955, $30,500,000,000 in 1960, and almost $52 billion in 1970.

All of this accumulated trust fund exists only in the form of a promise to pay from the United States Government. There are actually no funds available as in the case of insurance companies and retirement funds established by subdivisions of government. Insurance company funds are invested in productive enterprise and benefit from the earnings of American industry. On the other hand there is no investment for the social security trust fund other than Federal Government bonds, on which the interest is paid from general taxation.

Mr. President, there is no way of getting away from the fact that the working force in the United States must shoulder the burden of paying for the benefits to the retired and to the aged. The problem is how to make it clear to the American public that they pay all the bills.

Mr. President, it is our proposal that we begin to do something about it—to take a first step at least in the direction of putting the expenditures on a balance with estimated income. We are always going to be faced with the possibility of reduced income due to fluctuating economic conditions—and we are always going to be faced with the possibility and probability of an increased number of persons living far beyond the retirement age. But we can estimate on an annual or a biennial basis and thus keep a check upon the conditions we face.

Mr. President, I contend that the pay-as-you-go principle should be put into effect for the following reasons:

1. It is practically impossible to put social security on a sound actuarial basis.

2. The special trust fund has no significance because it is an unsecured Federal promise to pay.

3. As it now stands, the Government is collecting considerably more than it pays out in benefits. This is a tax on individuals and upon earnings.

4. A biennial estimate of what is required would give the people an opportunity to study proposed increases and expansions as suggested from time to time.

5. There is no economic danger from a plan that pays its way each year.

6. Individual security is spiritual as well as material. Reckless Government spending will not insure security because Government has nothing except that which it takes or borrows from the people. A pay-as-you-go plan gives the people an opportunity to study different proposals and to consider whether or not they can afford them.

Mr. President, I strongly urge the adoption of this amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MARTIN. It is a great pleasure, indeed.

Mr. LONG. Mr. President, I am glad to join as a cosponsor of this amendment with the Senator from Pennsylvania. It seems to me that sooner or later we shall arrive at the conclusion that the only way in which any program, a social-security program or any other type, can be financed is out of the productivity of the American people. If we do not produce the wherewithal for the sustenance of life, we shall not be able to take care of our people, no matter how many million dollars we claim to have in the trust fund.

It seems to the junior Senator from Louisiana that year by year we are extracting more than a billion dollars from the blood stream of circulation by having the social security fund take in much greater collections than the fund pays out. So long as the fund is taking in as much money as it needs year by year, it seems to me that is adequate to assure that the fund will continue. After all, we have a reserve of more than $19 billion, which is enough to guarantee that the fund will be solvent and that the Government will continue to make social security payments year by year. That I regard as a sufficient reserve to keep on hand.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. FERGUSON. Do I correctly understand that the Senator from Pennsylvania does not intend to call up his amendment?

Mr. MARTIN. I have already offered the amendment and asked that it, and also the remarks which I had intended to make in support of the amendment, be incorporated in the body of the RECORD. But the hour is growing late, and I do not intend to press it at this time. I hope that Members of this body will read this statement and other statements on the subject of social security. We now have a fund of $19 billion, but there is not really anything in the fund.

Of course the Government owes the social security system that amount of money. We must remember that we do not have any money in this fund, or in any other fund, which the Government does not either take from the people in taxes or borrow from the people.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. FERGUSON. I am sympathetic to what the Senator has in mind, and I feel the same way, namely, that the $19 billion in the fund are really in the form of I O U's from the United States Government, which has, in effect, those I O U's from the taxpayers of America.

Mr. MARTIN. That is correct.

Mr. FERGUSON. Sooner or later we will have to get on a pay-as-you-go basis, with a sufficient surplus to carry it. I think that is the proper way to operate this insurance program.

Mr. MARTIN. I thank the Senator.

Mr. MONRONEY. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. MONRONEY. Will the distinguished senior Senator from Pennsylvania tell the junior Senator from Oklahoma why the Government securities which are issued to the social security fund, and bear no higher rate of interest than the bonds which are held by the New York Life Insurance Co. or the Massachusetts Mutual Co., or any other insurance company, should not be considered a debt against the Government. In other words, if those bonds do not represent legitimate value in the social security fund, why do the major insurance companies of the country keep 50 percent of their funds with which to pay off their beneficiaries in Government securities?

Mr. MARTIN. I do not say that the bonds of the United States are not good. The bonds of the United States at the present time are the best investment in the world. I wish to keep the bonds in that position. We had before us this afternoon the question of raising the national debt ceiling. The junior Senator from Colorado and the senior Senator from Virginia and the senior Senator from Georgia expressed the situation very well, and I shall not try to repeat what they said.

However, when we set the limit on the national debt at a new figure, which will expire next July, we told the American people that it was our plan to keep the bonds of the United States on a sound basis. We want America to remain on a sound basis, and to keep our social-security system on a sound basis. Therefore, I believe that sooner or later we must put the system on a pay-as-you-go basis.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. BUSH. If the Senator will permit me, I suggest that the answer to the question of the Senator from Oklahoma is that the difference between insurance companies and the Government is that the Government has the taxing power. The Government has the taxing power, whereas the insurance companies do not have that power.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. MONRONEY. Is it not the same liability so far as the Government is concerned? Is not the same pledge carried on the obligations that are held by the insurance companies as is carried on the obligation contained in the social-security system? What are we going to do with the $19 billion worth of interest-bearing bonds which are invested in the sinking fund, if we do not allow the social-security system to hold them, and if the New York Life Insurance Co. and the Massachusetts Mutual Co. and other private insurance companies must hold the same bonds, and we must float more bonds with the public, because we are abolishing the reserves behind the social-security system?

Mr. MARTIN. If I had had my way at the beginning of the social-security system in the United States, it would have been put on a pay-as-you-go basis at that time.

The Senate has been in session for a long time, and I was trying to save some time. I would very much have liked to deliver the speech, because I put a great deal of time into its preparation. If any Senators who are interested would read my speech, I would be very much complimented. I appreciate very much what the junior Senator from Oklahoma is stating. I do not want to be misunderstood. Of course, I feel that the bonds of the United States are the best investment that any insurance company or anyone else could possess. I do not want to be misunderstood.

Mr. MONRONEY. Would the Senator from Pennsylvania tell the junior Senator from Oklahoma whether the bonds or securities held within the social-security system are worth any less than the securities which are held by the insurance companies?

Mr. MARTIN. Not in the least.

Mr. MONRONEY. That is the point I am making.

Mr. MARTIN. No; of course they are not.

Mr. MONRONEY. I have often heard it said, if the distinguished Senator from Pennsylvania will yield further, that there are nothing but I O U's of the Government behind the social-security system. It has been said that there is something vastly different between the securities held by the social-security system and the same type of securities held by every major insurance company in the country. Of course, they bear the same interest, and it is the same security, and the Government is pledged to redeem those securities.

A great hoax has been attempted to be perpetrated, when it has been claimed that there is something phony going on in the social-security system, when the social-security system holds the same securities of the Government that the private insurance companies hold.

Mr. MARTIN. I wish to make that point clear. I apologize for taking this time. I could have read my speech in the same time and probably we would not have had this controversy. I wish to be clearly understood that I have the greatest faith in the bonds of the United States.

Unfortunately, this trust fund of $19 billion, which by 1970 will be increased to $50 billion, is encouraging the American people to believe that there is a rainbow at the end of the social-security system, and that we can add to the benefits it provides, as has been suggested, $5 here and $5 there. On the other hand, if we put it on a pay-as-you-go basis, the people of the country will realize that they are paying the bills. That is why I am suggesting the pay-as-you-go plan.

The PRESIDING OFFICER. Has the Senator from Pennsylvania withdrawn his amendment?

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. What is the pending question?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania [Mr. MARTIN]. Does the Senator from Pennsylvania withdraw his amendment?

Mr. MARTIN. Yes; I withdraw the amendment.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MILLIKIN. Mr. President, I yield 3 minutes on the bill to the Senator from Oregon.

Mr. MORSE. Mr. President, although the Senator from Pennsylvania has withdrawn his amendment, nevertheless he has made a partial record on it. I do not intend to take any great time in discussing his amendment, although come January, when we introduce the Lehman social security bill, which was discussed earlier tonight, I shall discuss it at length.

What I wish to do this evening is reject the major premise laid down by the Senator from Pennsylvania. I have heard for a long time a great deal of talk about the pay-as-you-go plan with respect to social security.

I wish to say that it represents a great underlying fallacy, because behind the social-security system are two considerations; first, the security and wealth of the United States, and, second, the moral obligation of the people of the United States to make sure that when people reach an age where they can no longer be productive, those who have the ability to pay taxes will see to it that those people live out their old age in decency.

That is the great social objective of the social-security system. We will completely fail in our moral obligation to the people of the United States if we ever accept the notion that before we do right by them we must adopt a pay-as-you-go program. I would have Senators keep in mind that millions of people in this country never can pay as they go for the type of old-age decency to which they are entitled. Those are the people who have an annual gross income of less than $3,500 a year. I have said before, as I repeat tonight, that the whole economic system of our country would collapse if it were not for the productivity of the people who gross less than $3,500 a year.

Mr. President, as to those people, it is perfectly fallacious to argue that we cannot adopt a social-security system which will give them an old-age decency unless we first adopt a pay-as-you-go system.

I close, Mr. President, by repeating that what is behind the social-security system is the wealth of the Nation and the recognition of the moral obligation of 160 million people to see to it that we maintain a system which gives to people in their old age a life of decency. I am a little weary of the argument that we must build up some kind of a banking account that puts the social-security system on a ground analagous to commercial insurance. We are dealing with a social-security obligation of the people who can produce in relation to those who have reached the point where they cannot produce.

Mr. LONG. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. It is proposed to insert:

STUDY OF FEASIBILITY OF PROVIDING INCREASED MINIMUM BENEFITS UNDER TITLE II

SEC. 404. (a) The Secretary shall conduct a full and complete study with a view to determining the feasibility of increasing the minimum old-age insurance benefits under title II of the Social Security Act to (1) $55 per month, (2) $60 per month, and (3) to $75 per month.

(b) Such study shall include (1) a detailed analysis of the estimated increase in cost, if any, involved in increasing such minimum benefit to each of the above referred to amounts, (2) estimates of the financial impact such increase would have upon the old-age and survivors insurance on this fund, and (3) an estimate of the amount, if any, by which Federal grants to the States for public assistance would be reduced by the raising of such increase in minimum old-age insurance benefits.

(c) The Secretary shall report to the Congress at the earliest practicable date the results of the study provided for by this section.

Mr. LONG. Mr. President, I have discussed this amendment with the distinguished chairman of the committee and with the senior Democratic member of the Finance Committee, and it is my understanding that they both feel that the amendment can well be taken to conference. One of the particular items the cost of which we should try to find is the extent to which the public welfare burden of the Federal Government will be reduced by such a program.

Mr. MILLIKIN. Mr. President, I have no objection to taking the amendment to the conference, and the distinguished Senator from Georgia also has no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment 8–3–54–C, and I wish to modify it by striking out all in the amendment up to line 6, on page 2.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Minnesota.

The CHIEF CLERK. On page 103, between lines 16 and 17, it is proposed to insert the following:

(d) Section 202 (e) and (f) of such act is amended by striking out "three-fourths of" wherever appearing therein.

On page 103, line 18, strike out "113" and insert in lieu thereof "114."

On page 103, line 23, strike out "114" and insert in lieu thereof "115."

Mr. HUMPHREY. Mr. President, the present social security law provides that a widow or widower is entitled to three-fourths of the benefit of the original recipient. If Mr. Jones is receiving $60 a month, and he dies, Mrs. Jones will receive $45. Or if she is the breadwinner and receives $60 a month, and dies, Mr. Jones will receive $45. It is like saying that when a man who has a life insurance policy of $2,000 dies, his widow should receive $1,500. The widow is as much entitled to the benefit as her husband would have been. The member of the family who is left after the breadwinner has passed away is entitled to the same benefit. I modified my amendment, but I will say very candidly that if any member of the committee can explain to me why when a man dies his wife should not receive all the benefits to which he would be entitled under the insurance system, I want to hear it. I have no more to say, Mr. President. I await a reasonable explanation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY], as modified.

The amendment, as modified, was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I call up my amendment 8–12–54–B. I ask unanimous consent that the reading of it be dispensed with, and that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY'S amendment is as follows:

On page 136, beginning with line 11, strike out all through line 15, and insert in lieu thereof the following:

"INCREASE IN BENEFITS

"SEC. 301. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

"'SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.'

"(b) Section 403 (a) of such Act is amended to read as follows:

"'SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children,

equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $33, or if there is more than one dependent child in the same home, as exceeds $33 with respect to one such dependent child and $24 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $33—

"'(A) five-sixth of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $18 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose.'

"(c) Section 1003 (a) of such act is amended to read as follows:

"'SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of any such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"'(B) one-half of the amount which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.'"

(d) Section 1403 (a) of such act is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1954, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $60—

"'(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $30 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

"'(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose.'

"(e) The amendments made by the preceding sections of this act shall be effective on and after October 1, 1954.

"(f) (1) If—

"(A) during the 1-year period beginning October 1, 1954, or the 1-year period beginning October 1, 1955, the total State expenditures (as defined in par. (2)) for any State under a State plan approved under title I, IV, or XIV of the Social Security Act are less than the total State expenditures for such State under such plan during the base period (as defined in par. (2)), and

"(B) the State expenditure per recipient under such plan for such year is less than the State expenditure per recipient under such plan during the base period, then the amount payable to such State under such title for such year shall be reduced by whichever of the following is the least:

"(C) the amount by which the total State expenditures during the base period under such plan exceeds the total State expenditures during such year under such plan:

"(D) the amount by which the State expenditure per recipient during the base period under such plan multiplied by the monthly average of the number of individuals who received aid or assistance under such plan during such period exceeds the State expenditure per recipient under such plan for such year multiplied by the monthly average of the number of individuals who received aid or assistance under such plan during such year; or

"(E) the amount by which the sum which would be payable to such State for such year under such title but for the provisions of this section exceeds the sum which would be payable to such State for such year under such title if this section had not been enacted.

"(2) For purposes of this subsection, the term 'total State expenditures' means, in the case of a State plan approved under title I, IV, X, or XIV of the Social Security Act, the difference between (A) the total expenditures (other than expenditures to meet the cost of administering the State plan) with respect to which amounts are payable to the State under sections 3, 403, 1003, and 1403, respectively, and (B) the amount so payable to the State; the term 'State expenditure per recipient' with respect to any year or with respect to the base period, as the case may be, means, in the case of a State plan approved under title I, IV, X, or XIV of the Social Security Act, the total State expenditures during such year or period under such plan divided by the monthly average of the number of individuals who received aid or assistance under such plan during such year or period; the term "base period" means the 1-year period ending September 30, 1954; and the term 'State' includes Alaska, Hawaii, and the District of Columbia.

"(g) Section 1108 of such act relating to limitation on payments to Puerto Rico and the Virgin Islands is hereby repealed."

Mr. HUMPHREY. I should appreciate an explanation of the very peculiar situation to which I was referring a moment ago. If any Senator can explain to me that when a husband dies his wife should not receive the benefits which he would have received if he had lived, I would like to hear a logical explanation. I know the law does not permit it, but I think the law is a little "nuts" on that proposition, and I think it should be corrected. [Laughter.]

My amendment would offer an opportunity to do something for the folks at home.

A day or two ago the Senator from Louisiana [Mr. LONG] proposed an amendment to reduce the authorization for foreign appropriations by $1 billion. Then he offered an amendment to cut it $500 million, and it was agreed to. But when the bill came from the conference committee he lost $500 million, and he did not even know what happened. It was because there are some people in Italy, in France, and in Formosa—the Senator from Louisiana has met those Formosans; they are good constituents of the Senator from Louisiana [Laughter]—who had to have that money.

But, Mr. President, if we suggest an extra $5 on old-age insurance we are met with, "Oh, no, we cannot do that." Insurance company executives get to thinking that the money of the company is theirs, but it belongs to the policyholders. Congress is thinking that this money belongs to us. It does not. It belongs to the policyholders. We have a right to raise the benefits. The taxpayers of this country can provide the money to furnish a decent income for the senior citizens of this country. There are two classes of people that deserve consideration. They are not Senators, not Representatives; they are children and old people.

Persons between the ages of 18 and 65, if they have an education, should be able to take care of themselves pretty well. They do not need any pump priming or very much extra help. But folks who are 65 and over and are in need, are receiving $51.34 a month, which is the average payment of old age assistance in the United States. It is $51.34 a month in the richest Nation on the face of the earth, a country which has spent $5 billion to smoke cigarettes, $7 billion to

make people think they feel better than they really are by the use of spirits, $700 million to paint themselves up with cosmetics to look a little better than they are, but when we suggest that grandma and grandpa get something, we are told that the old budget is going to break. There is something wrong with the Treasury.

I always remember what my dad said. My father was a wonderful man. He never once told his son what time to go to bed. But I am here to say that he was an expert on getting him up. He knew what time to get his son up. If the son came in at 5 in the morning, his father got him up at 6. If he came in at 4, his father got him up at 6:30. The later the son got in, the earlier he got up.

This Senator does not believe in telling the people of America how to live. Some persons may want to waste their lives away; some may want to drink their lives away; some may want to go to the horseraces every day. I suppose if they want to do it, they have a right to do it. But if they are going to "horse" around like that, then they are going to pay for grandpa, too. They are going to provide for old-age assistance. If they are going to day for the Devil, they are going to help keep the churches open, too.

The PRESIDING OFFICER. Will the Senator from Minnesota state the amount of time he yields to himself?

Mr. HUMPHREY. The whole works—15 minutes. This is my last amendment. I have not had much good fortune tonight. I was able to get the undertakers—the funeral directors—into the bill, but no others.

I am proposing that the old-age assistance payments be increased $5 a month to help the needy, the aged, the poor, the helpless, the sick; $5 a month for the blind and disabled; $3 a month for dependent children. Do not let me hear anyone say that we cannot afford it. We cannot afford it? It will not cost half as much as it costs every time we try out an atom bomb on the French Flats in Nevada to see if it will work. I do not know whether we have proved anything particularly, but we have found that they do work.

We have made an appropriation for Indochina, and we do not even know to whom we have given it. That is a fact. We appropriated $1,300,000,000, if I am not mistaken; I do not have the exact figures. We were not certain which side was going to get it, where it was going to go, or who was going to get it.

I heard the arguments on the floor that that money was needed. Not only that, it was said that since we did not know where it was going to go, we should give it to the President; that he would determine where it would go. Let Senators examine the RECORD. They will see exactly what we did. We said we were not sure, but we might need it. After all, things are tough all over; we might need it. So we gave $1,300,000,000 to the White House. We gave it to the President. We trust the President. Yes, I trust the President. I voted to give the money to him. I thought he might need it. I thought there might be a time and a place for its use.

Now I appeal to the Senate to do something for the senior citizens of this country, the persons who live in shacks, those who are sick, those who are old, those who are weary; the persons who have spent their lives; who have given their sons and daughters to the service of their country; persons who have worked their hearts out.

In 1946 we increased the old-age assistance payments by $5. In 1948 we increased them another $5. In 1952 we increased them another $5. We have helped older people to the tune of $15 in 9 years.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. I am delighted to support the Senator's amendment. Unfortunately, the bill is going to help all retired persons except the needy. I believe the Senator's amendment would improve the bill, so that those who receive old-age pensions will receive additional assistance.

Mr. HUMPHREY. That is what should be done. I know that my amendment will increase the cost by a great amount. I assume it will cost $200 million for all those receiving old-age assistance, the blind, the disabled, and the dependent children. I might as well say what it will cost, because someone will certainly remind us later of what it will cost. But it will be the best $200 million that Congress will have spent. It represents Christian compassion. It represents what we should be doing unto the least of our brethren. It represents help to the helpless, help to the weary, help to the heavily laden.

Some days ago I voted for a tax bill that did not help the weary, that did not help the heavy laden. That bill helped the strong, the well born, and the rich.

I have read reports recently which indicated that the corporations in the United States have had the biggest corporate profit returns they have had in years, despite fewer sales and less gross income. But they have received more net income. Congress fixed it that way for them. Let us not "kid" ourselves. We fixed it.

Now we are at the point where we are going to help grandma and grandpa, who need some assistance. Let Senators try to get along on an average pension payment of $51 a month in the United States of America, in the year of our Lord 1954. No human being can do it in decency. I ask the Congress of the United States to help by another $5.

If the Long amendment had been adopted, then the States would not have been able to put $5 in their pockets and to say that they were saving the money to the State treasury. I am not interested in helping State auditors to prove that they have better financial reports. I am interested in the recipients of aid to the blind, to dependent children, and the aged.

Mr. President, I ask that the Senate give the amendment favorable consideration. I think that by so doing we shall end this session of Congress with kindliness, decency, humanitarianism, and compassion, which the country is looking for, and that its worthy citizens deserve.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

Mr. MORSE. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. MORSE. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments, and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. HUMPHREY. Mr. President, before its passage I desire to speak on the bill.

Mr. President, the progress this Nation has made in the field of social security has been slow but sure. I am glad that it has been sure but it is a matter in which we cannot afford to be slow. The needs of America's aged, widowed, orphaned, and disabled are not matters to which we can, in conscience, give leisurely attention. As I said more than 9 months ago:

> We can study social security to death, and it will not feed any hungry people. It is time for action, not more talk. Both political parties have promised such action.

Every man and certainly every political party has the right to change its mind on the important issues of the day. A change for the better is always a good thing. How gratifying it is to read today the recommendations of the Republican administration for a better social-security program when only 4 years ago the Republican Party in the Senate and the House of Representatives was registering overwhelming votes against many of these same recommendations as they came from the desk of a Democratic President. Mr. President, I welcome the newcomers to our ranks with a greeting to remind them that I remain where I always have stood. I do not believe in playing politics with poverty. My views on the welfare and the security of the American people have not shifted with the change in administration.

In 1950 I was proud to participate in the revision of the Social Security Act and at the same time fight for additional liberalizing amendments. During that debate I made a statement of the principles which guide my activities in social-security legislation. It is with these principles in mind that I view the current legislation and I would, therefore, like to repeat my statement of 4 years ago. At that time I said:

> I believe that a sound social-security program should embody the following fundamental principles:
>
> 1. Universal coverage for all persons who work for a living.
>
> 2. Protection under the insurance system of all aged persons, irrespective of length of time that they have contributed to the insurance system or whether they have retired prior to contributing to the insurance system.

3. A substantial increase in the amount of benefit so that individuals may retire with security, dignity, and reasonable comfort.

4. Payment of insurance benefits to individuals during periods of disability so that individuals who are sick or disabled may also have security as well as some income, which will make it possible for them to avoid asking for charity and enable them to pay their doctor's and hospital bills from their insurance benefits.

5. Federal grants to the States for public assistance to needy persons for whom the insurance program cannot meet all needs.

We have made a good start in overhauling our social-security system. But we cannot be content with what we have done so far. We must not wait for another 11 years to make the changes which will bring our social-security system up to date.

I believe we must go forward in making bold and progressive changes in our social-security system if we are to meet the needs of our people in a dynamic and changing economy.

In 1949, my first year in Congress; in 1950; in 1952; and in the present 83d Congress these principles have prompted me to introduce amendments to the Social Security Act which would bring its provisions more in line with modern needs. It is with these principles in mind that I view the pending legislation. Let me say that the bill now under consideration makes several necessary and important contributions to our social-security program. However, I do believe there are two vital areas with which this bill does not adequately deal. Therefore, I would call your attention to two amendments which I have introduced to remedy these defects.

My first amendment would raise the minimum benefits from $30 to $40 a month. Mr. President, I do not intend to deliver a long and emotional harangue on this subject. I will merely cite one small statistic. My proposed increase in the minimum benefit from $30 to $40 would currently bring increases to about 1½ million people. What a tale of hardship, penury, and despair among American citizens these figures tell. I say that a $10 increase in minimum benefits is the very least we can allow.

Under my second amendment, wives' benefits would be increased to 75 percent and widows' benefits to 100 percent. The adoption of this proposal would mean that about 1 million wives and 500,000 widows would receive increases. All this tries to do is write a little more equity into our social-security laws. Is it not absurd to have written into the law of our land the concept that a widow can subsist on less food, clothing, and shelter than her deceased husband? Nor is it less absurd to suggest that an aged couple can live on only half as much as a single retired person. This proposal is no more startling than simple justice.

I am grateful that many of the proposals I have made have been incorporated into the law of our land. Other amendments which have once failed of approval I have reintroduced in hopes of their ultimate adoption.

In this Congress I introduced 6 measures which I believe fill significant gaps in our present social-security program. I would like to briefly outline these measures and mention the action that has been taken on each of them:

First. A bill to extend social security credits for periods of military service. This proposal was enacted in 1953 as Public Law 269.

Second. A bill to increase the allowable monthly earnings from $75 a month to $1,200 a year without loss of earnings. This provision is in the pending social security bill (H. R. 9366) as approved by the Senate Finance Committee.

Third. A bill to increase old-age and survivors benefits to wives, widows, and dependent children. Although the pending bill does not offer increases as adequate as the ones I suggested, it does propose to raise the minimum benefits from $25 to $30.

Fourth. Also included in the pending bill is my proposal to provide an opportunity for ministers to be covered. I originally introduced this bill in response to many ministers who wanted to be included in the program.

Fifth. Also included in the pending bill is my proposal to make employees of institutions of higher learning eligible for coverage under the program.

Sixth. Finally the pending bill also includes my proposal to extend for 2 years the $5 increase provided to the States in 1952 for payment to old-age assistance, aid to the blind, and aid to dependent children.

Naturally, when I first introduced a series of my bills on May 18, 1953, I did not think they were by any means all-inclusive. However, I did and still do feel that their passage would fill immediate needs. To be frank, I thought the worth of these measures so obvious that they might be acceptable to Congress without years of procrastination and study. I will be the first to admit that these proposals are only a starter. The sum total of these bills defines only the very minimum goals for social security in the United States. I, therefore, also joined with several of my distinguished colleagues in sponsoring an omnibus or general social-security-revision bill.

The omnibus social-security bill is a carefully prepared and up-to-date document. It represents many of my basic convictions as to the needs of our aged, our handicapped, our disabled. I hope that many of its provisions will be enacted into law this year; and if this happens I will feel we have dealt justly with the social-security program. I think the provisions of this bill speak for themselves, and I ask unanimous consent, therefore, that a statement setting forth some of these provisions as compared to those of the pending legislation be included at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

COMPARISON OF SOME PROVISIONS IN THE PENDING BILL (H. R. 9366) AND THE OMNIBUS BILL (S. 2260)

COVERAGE

The omnibus bill would have extended coverage to 13 million additional people rather than to only 7 million as the present bill provides. This would have meant the addition of some Federal employees, members of the Armed Forces, farmers, and professionals.

MINIMUM AND MAXIMUM BENEFITS

The pending bill has adopted the proposal in the omnibus measure to raise the minimum benefits from $25 to $30. Identical increases in family maximum benefits have also been adopted—from $168.75 to $200. However, the omnibus measure would have raised the individual maximum from $85 to $135 instead of only to $108.50 as the present bill provides.

WAGE BASE BENEFITS

Under the omnibus bill, the wage base benefits would have been raised from $3,600 to $6,000 a year instead of to $4,200. This would have been of particular help to middle-income groups.

BENEFITS BASIS

The pending bill makes a real step forward by eliminating the 5 lowest years of earnings in computing average earnings on which benefits are based. The omnibus measure went a step further by using the 10 highest consecutive years of covered earnings.

REVISION OF BENEFIT FORMULA

Both measures provide higher percentage replacement of earnings in middle income brackets. However, only the omnibus measure provides an incentive through an increment of one-half of 1 percent for additional years of employment and contributions and a 2 percent increase in benefits for each year retirement is delayed past the age of 65.

RETIREMENT TEST

Provisions of both measures are similar in that they raise the amount of permissible earnings to a figure equivalent to $1,200 a year. The pending measure has also reduced the age from 75 to 72 at which benefits are payable irrespective of retirement.

BENEFITS FOR DISABLED PERSONS

The provisions of the two bills in this category are quite different. Under the pending bill, the insured status and the benefit rights of persons totally disabled over 6 months are frozen, to prevent reduction of benefits from years of no earnings. No benefits are, however, payable until the age of 65. The omnibus measure goes further by declaring that benefits are immediately available to persons totally and permanently disabled, regardless of age. In addition, retirement benefits payable at the age of 65 will not be based on years of no earnings. This category and the next are extremely important in view of the fact that while over 2 percent of our working force suffers from long-term disability only 1 in 20 of these are eligible for workmen's compensation.

REHABILITATION

While the pending bill provides for the expansion of rehabilitation services, the omnibus measure goes further in this respect and provides monthly benefits while rehabilitation continues.

TEMPORARY DISABILITY OR ILLNESS

The pending measure makes no provision for temporary disability or illness, while the omnibus measure provides cash benefits up to 26 weeks a year.

FINANCING

Under the pending measure the final contribution rate is to be increased to 4 percent of the taxable payroll in 1975, instead of 3¼ percent, and the tax on self-employed is to be increased to 6 percent instead of to 4⅞ percent. Under the omnibus measure there would be an increase in both the frequency and amount or raises in the contribution rate to a peak of 4 percent of taxable payroll in 1961, and 5¼ percent for self-employed in the same year.

Mr. HUMPHREY. Mr. President, I am glad to say that several of the excellent provisions in the omnibus bill

have been included in H. R. 9366, the pending legislation. They include:

First. The increase of maximum monthly benefits to $200;

Second. Preservation of the insurance rights of persons permanently disabled;

Third. Certain increases in benefits although they are not as liberal as those in our omnibus bill;

Fourth. Liberalization of the retirement test;

Fifth. Extension of coverage; and

Sixth. An increase in the wage base.

Mr. President, in 1950 and in 1952 Congress passed major revisions in the social-security program. I supported these liberalizing provisions—some of the changes, in fact, came about through the adoption of amendments which I sponsored or cosponsored. Perhaps it is of some significance that the even-numbered years seem to favor progress in this field. Well, then, this is 1954 and much remains to be done. Let us continue the advance. Let us make sure that all the American people are free from the blight of poverty and the fear of insecurity.

At this point I would like to make a few remarks on the steps forward we did make in 1950 and 1952.

In 1950, the benefits of the social-security system were extended to some 10 million more people. Both in 1950 and 1952 payments under the system were substantially liberalized. Through a new formula the average benefit for those already on the rolls went up a total of $25; allowable monthly earnings rose from $14.99 to $50 and finally to $75; benefits were increased for widows and orphans and it was provided that lump-sum payments be made in the event of all deaths. In addition, veterans were granted a $160 monthly wage credit toward social-security benefits for each month of active service, July 25, 1947, to December 31, 1953.

It was also in 1950 that Congress added the new concept of Federal grants-in-aid to the States for the permanently and totally disabled. Under this program, improved public assistance was made available to the blind, the aged, and dependent children. Grants were also increased for maternal and child health, crippled children, and child-welfare services.

Though we did not achieve our ultimate goals, these 2 years, 1950 and 1952, were memorable ones in the development of our social-security program. I was pleased and proud that several of my proposals, particularly that increasing old-age and survivors benefits by $5, met with approval. I also feel that the amendments I introduced which did not meet with approval made a real contribution. For, as has happened in the past, I am sure that they will prove to be the seed which will bear fruit this year, I hope, and if not, in the future.

Among the amendments I have supported and sponsored in 1950 were those to extend coverage to an increasing number of Americans. I also introduced amendments to increase benefits to those who retire under the program as well as to the aged and the blind. Another amendment would have provided Federal grants for medical care to the needy aged, and blind, and dependent children. It was in 1950 that I first supported the amendment to provide insurance benefits of the old-age and survivors insurance program to individuals who are permanently unable to work because of physical or mental illness.

I would like to call particular attention to a bill I sponsored together with Senator DOUGLAS to expand our provisions for the treatment and rehabilitation of disabled persons. The bill, which included the program of vending stands for the blind, provided for Federal payments to cooperating State agencies, Federal payments for the establishment of workshops and rehabilitation centers, and provided for a program of Federal research on rehabilitation techniques. It also provided for loans to the States to carry out programs under the act, and provided a revolving fund to assist workshop cooperatives of severely disabled people.

Among the measures I introduced in 1952 for the liberalization of the social-security program were several that I had already introduced in 1950 or have currently reintroduced. However, I would like to note one, as yet unmentioned, measure which would have provided that any person eligible for old-age and survivors insurance would be entitled to hospital benefits equal to 60 days a year. This proposal has not yet been approved, but it still represents one of the most pressing needs of America's senior citizens.

None of us can for long deny the appeal to our conscience which asks that the strong share part of the burden of the weak.

This has been my record during the last 6 years on social security. America is the richest Nation in the world. Indeed, it is my belief that we can no longer afford to allow destitution and despair rot like a canker in our midst. Now is the time to show the world that our American way of life can bring prosperity and security to all the people. I, for one, will join with my colleagues to carry on this fight until the inevitable day when men shall dimly remember, but never again experience, the fears of economic insecurity. It has been this faith and dedication in the future and in our fellow Americans that has made our country the greatest in the world.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill (H. R. 9366) was passed.

Mr. MILLIKIN. Mr. President, I send to the desk an order, which I ask to have read and to be agreed to.

The PRESIDING OFFICER. The clerk will state the order.

The legislative clerk read as follows:

Ordered, (1) That the bill (H. R. 9366) be printed with the Senate amendments numbered.

(2) That in the engrossment of the amendments of the Senate to the bill, the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters, and cross-references thereto.

The PRESIDING OFFICER. Without objection, the order is agreed to.

Mr. MILLIKIN. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. GOLDWATER in the chair) appointed Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE, and Mr. BYRD conferees on the part of the Senate.

APPROPRIATIONS FOR MUTUAL SECURITY

Mr. KNOWLAND. Mr. President, I now desire to have the mutual security appropriation bill made the unfinished business of the Senate. It will not be taken up for debate or voting tonight, but will be the order of business when the Senate reconvenes at 10 o'clock tomorrow morning.

I move that the Senate proceed to the consideration of Calendar No. 2343, H. R. 10051, the foreign-aid appropriation bill.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 10051) making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 10051) making appropriations for mutual security for the fiscal year ending June 30, 1955, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, I desire to make a brief announcement to the Senate. There will be a meeting of the policy committee either tomorrow or Monday, after which I expect to consult with the minority leader, and also to inform the Senate of additional proposed legislation to be considered.

A number of bills have, from time to time in the past, been mentioned for consideration. I remind the Senate that the bills I am about to state will not be inclusive of the list which will be considered, but they are among those which heretofore have been mentioned. As a matter of fact, it does not include even all of those. The bills are as follows: Calendar No. 1834, Senate bill 3428, the defense facilities bill; Calendar No. 1833, H. R. 9580, the espionage bill; Calendar No. 1827, Senate Resolution 280; Calendar No. 1828, Senate Resolution 282; and Calendar No. 1829, Senate Resolution 281, the contempt citations previously mentioned, which I expect to call up for consideration some time on Monday; Calendar No. 644, H. R. 6287, to amend the Renegotiation Act of 1951; Calendar No. 1808, H. R. 9709, the unemployment compensation bill; Calendar No. 1931, a bill (S. 2559) to amend title 17, United States Code, entitled "Copyrights," which is the same as Calendar No. 2235, House bill 6616, dealing with copyrights, which is the proposed legislation to go

along with the treaty which has already been ratified by the Senate; Calendar No. 2365, a bill (S. 3067) to require that international agreements other than treaties hereafter entered into by the United States, be transmitted to the Senate within 30 days after the execution thereof; Calendar No. 2367, a bill (S. 2975) to amend title 28, United States Code, relating to the Customs Court.

At the next policy committee meeting there will be a number of other bills, about which I shall immediately inform the minority leader, and also bring to the attention of the Senate.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the distinguished minority leader.

Mr. JOHNSON of Texas. I did not hear the majority leader mention House bill 7840, the railroad retirement unemployment insurance bill. As I understand, the policy committee has not yet had an opportunity to consider that bill.

Mr. KNOWLAND. That is correct. There is a considerable number of bills in which Senators on both sides of the aisle have expressed interest, and those bills will be considered in order to determine which ones can be concluded in the general legislative program prior to adjournment, or prior to recess by the Senate and adjournment by the House.

Mr. JOHNSON of Texas. The minority leader has talked both to the chairman of the policy committee and to the distinguished majority leader about the bill I just mentioned. In view of the fact that the bill passed the House by a vote of 360 to 0, and the fact that it was reported by the Senate committee by a vote of 11 to 1, I hope the Senate will have a chance to pass upon the bill before Congress adjourns. I again wish to urge the distinguished majority leader, who has always been considerate of our requests, to please ask the policy committee to clear that bill before Congress adjourns.

Mr. KNOWLAND. I say to the distinguished majority leader that that will be one of a number of bills that will be considered by the policy committee when it meets.

TRIBUTE TO SENATOR MILLIKIN

Mr. JOHNSON of Texas. Mr. President, I wish to congratulate one of the ablest, most distinguished, and beloved Members of this body for the success that the Senate has had today, namely, the Senator from Colorado [Mr. MILLIKIN]. We ought to take off our hats to anyone who can succeed in having the debt limit raised $6 billion, have the social security bill passed, and nevertheless permit Senators to get home before 12 o'clock midnight. [Applause.]

Mr. KNOWLAND. I fully agree with the statement of the distinguished minority leader.

THE SOCIAL-SECURITY BILL

Mr. MORSE. Mr. President, I have three very brief items on which I should like to comment. First, I wish to make a very brief statement on the social-security bill for the RECORD, so that my constituents will know my position and will know why certain amendments were not offered by me tonight. After a series of conferences and a count of noses, it became perfectly clear to me that in the rush hours of this closing session it would be impossible really to revise the Eisenhower social-security bill along the lines of the Lehman substitute bill which I have been supporting.

In a policy conference that a group of us had, we simply recognized the realities of the situation and decided that all we could do would be to try to support a few amendments, which I did, and then, come January, seek to put into law a revised social-security system that would do justice to the aged and to other groups not now covered by the social-security law who should be covered and are not included in the bill which the Senate just passed.

Of course, the parliamentary strategy that existed on the floor of the Senate tonight bore out very clearly the statement I made. We could not get a yea-and-nay vote. We could not get Senators to go on record in connection with adding even $5 to the social-security benefits of the aged and the dependent children.

So I say to my constituents that they need have no concern as to what their Senator is going to do come January. I am going to continue to fight for a social-security law that will keep faith with the principles I enunciated a few minutes ago on the floor of the Senate in a short speech, when I said the people of the Nation have a clear moral obligation to many thousands of persons—yes, a good many millions—in the country whose gross income is $3,500 a year or less.

We were confronted with a situation in which the best we could get out of this session of the Congress in its closing hours was the administration bill, with a few minor amendments which we were able to add in the bill today.

I now wish to proceed to the second item.

IDA KLAUS RESIGNS

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Mr. President, I should like to make a brief comment upon the resignation of a great public servant, Miss Ida Klaus, who for some 21 years has been in the Federal service. She has been the Solicitor of the National Labor Relations Board for some years. When I was on the War Labor Board during the war our Board was helped many, many times by Miss Ida Klaus, who is one of the most brilliant lawyers in this country in the field of labor relations.

I have in my hand the official statement of the National Labor Relations Board, dated August 13, 1954, announcing her resignation. The statement takes the form of Miss Klaus' letter of resignation to the Chairman of the Board, Mr. Guy Farmer, and the reply of Mr. Farmer to Miss Klaus.

I ask unanimous consent that the release of the National Labor Relations Board be printed at this point in the RECORD as a part of my remarks.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

IDA KLAUS RESIGNS

Miss Ida Klaus, the Board's Solicitor, resigns to join the New York City government. She terminates 21 years of Federal service to become counsel to the newly formed New York City department of labor.

Following is the exchange of letters between Miss Klaus and Chairman Farmer:

DEAR GUY: It is with a feeling of sincere regret that I tender my resignation as an employee of the Board, to become effective September 1.

It is naturally difficult to bring to a close a career of nearly 21 years with the Federal Government, 17 of them with the Board, culminating in my service as Solicitor during the past 6 years. Another branch of the family of government, the city of New York, has asked me to serve as counsel to its newly formed department of labor, and I feel that I must accept. Aside from the personal reasons which impel me to return to New York after so long an absence, I feel that I can take back to my native city, which reared and educated me for the work I have performed, the very substantial benefits of 21 years of training in the workshop of the Federal Government.

I shall always be grateful to the Board members, past and present, and to the staff for their trust and their confidence, in return for which I sought at all times to give the best of my ability.

Sincerely,

IDA KLAUS.

DEAR IDA: I learn of your resignation with regret, which I know is shared by my colleagues, by the General Counsel, and by every member of the staff. You have served the Board and the Government faithfully and brilliantly throughout your long career in Washington, and your departure will be a loss to this agency and the career service. It will also be a personal loss to those of us, and there are many, who have known you for these many years.

You have served this Board well in various important legal posts, and have lived with it through vicissitudes and trials. I know that you have always given your best to your job, and that you have fearlessly and honestly given the Board the benefit of your opinion as a lawyer on the many difficult questions of statutory interpretation with which it has been faced. While you and I have at times disagreed, which is understandable among lawyers, I have never underrated the value of your advice, nor have I ever had occasion to question the sincerity of your opinions. I am merely stating a recognized fact when I say that your grasp of the law which we administer and your ability as a lawyer are unexcelled.

I cannot close without saying that I think that I understand something of your emotions on this occasion. It is not easy to leave a post which has been so large a part of one's life for so many years. But you can take with you a large measure of pride in your past accomplishments, as well as the comfort of knowing that there go with you the best wishes of all of us. I know that you will be eminently successful in your new career, or perhaps I should say in the continuation of your career in another field.

Sincerely yours,

GUY FARMER,
Chairman.

Mr. MORSE. Mr. President, I close my comments on that item by saying that the country has been well served by Miss Klaus. She has resigned in order to accept a position of solicitor of the Labor Relations Board of New York City. I want to wish her well and

congratulate her in the honor represented by her new appointment.

I now wish to proceed to the third item.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

INCREASING THE DEBT LIMIT

Mr. MORSE. Mr. President, the last item I wish to mention for the RECORD and for the attention of my constituents, because I have had a great deal of correspondence with them during the year on this point, is in connection with the increase in national debt limit today. I did not think much of the argument for increasing the national debt limit. I thought it most unconvincing. Yet again we were confronted with the reality of accomplishment. I am glad it was presented to us, and that those who proposed it insisted—they not only insisted, but they assured us—it was on a temporary basis only, and that unless it was accepted by the House on a temporary basis, there would be no increase at all.

However, there is one point in this whole debate that I think needs to be answered, and it was very effectively answered in a column recently written by Andrew Tully, under the heading "The Administration Is Indebted to a Gimmick," which was published in the Washington Daily News of Monday, August 9, 1954. Mr. Tully pointed out that the Eisenhower debt is really greater than it was reported to be by the Eisenhower administration because of a bookkeeping "gimmick" that the Eisenhower administration has adopted that was not a bookkeeping practice under the Roosevelt and the Truman administrations. To buttress the observation I have just made, I should now like to read the article:

> In all this "hassle" about increasing the debt limit, don't try to get any consolation out of Government figures which appear to show the public debt as being less than it was under Presidents Roosevelt and Truman.
>
> Actually, figured on the same basis as in previous administrations, the public debt is the highest in the Nation's history.
>
> The reason is a bookkeeping "gimmick"—perfectly logical and legitimate—adopted by the Eisenhower administration to show the amount owed by the Government to people that have savings bonds.
>
> The Eisenhower boys enter on the books only the current value of these savings bonds, whereas in the past the debt was figured on the basis of the bonds' maturity value. In other words, nowadays, if you've just bought a $100 war bond for $75, the Government figures it owes you only $75 instead of $100, since it would have to pay you only $75 if you cashed it today.
>
> In previous administrations, the moment you bought a $75 bond, the Government acknowledged it owed you $100.
>
> Thus, the so-called peak debt year of 1946 wasn't the peak at all. The debt then was $279 billion, which is $5 billion higher than the present debt of $274 billion. But the 1946 figure included approximately $10 billion in interest which the Government figured it owed—or would owe—on savings bonds. Figured on the basis the Eisenhower administration uses, the public debt in 1946 was only $269 billion, or $5 billion less than the current debt.
>
> Or, if you figured the Eisenhower public debt as they figured it in previous administrations, it would amount to $286 billion because the interest to be due on savings bonds has increased to $12 billion.
>
> The public debt, incidentally, has increased $18 billion since Harry Truman left the White House. It was $266 billion then, but again you have to lop off $10 billion in savings bond interest in order to compare it fairly with the current debt. Lowest postwar debt was in 1949, when the debt was $252 billion or $242 billion if figured according to the Eisenhower system.
>
> All these figures come from Edwin L. Kirby, Commission of the Public Debt. Mr. Kirby sighs wistfully when he reminds you that there has only been 1 year in which the United States had no public debt.
>
> That was in 1836 and the reason was a combination of a prosperity wave and a President named Andrew Jackson, who slashed Government expenditures with a meat cleaver, That was the year, incidentally, when the United States paid off the last installment of its $40 million Revolutionary War debt.
>
> Although Americans are accustomed to thinking of themselves as creditors to the rest of the world, part of our public debt is owed to foreigners. The total is $6 billion, mostly held by banks and public institutions in Europe. Germany heads the list of creditors with $675 million in United States I O U's.

That bears out an observation I have made many times during the last few months on the floor of the Senate, Mr. President. I close my remarks with that tonight. It is a far cry from Mr. Eisenhower's campaign pledges as to what he was going to do about balancing the budget and what he was going to do about the national debt.

I say in all fairness and with frankness that in my judgment there were a great many savings the President could have brought about that he has not brought about, and the fact is we are deeper in the red today under President Eisenhower than we were when Harry Truman left the White House.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. KNOWLAND. Of course, I cannot let the statement of the Senator from Oregon pass. The record will speak for itself. At a later date the facts will be presented.

The fact of the matter is that there have been substantial reductions in the budget items under this administration, compared with those of prior administrations, but I do not believe that 11:15 at night is the time to begin a protracted argument in this regard.

I yield to the Senator from Louisiana.

LEGISLATIVE PROGRAM

Mr. ELLENDER. Mr. President, a few minutes ago the distinguished majority leader stated a list of bills he proposed to call up before the Senate adjourns. I am wondering if the majority leader will tell us about Calendar No. 2026 (H. R. 9859) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

Mr. KNOWLAND. I will say to the distinguished Senator from Louisiana that the bill he mentions is one of a number of bills as to which there has been a considerable amount of interest expressed. The Senator from Texas [Mr. JOHNSON] mentioned one bill, and other Senators have mentioned other bills, both publicly on the floor and privately. The bill the Senator from Louisiana refers to is one which will be considered by the policy committee tomorrow.

There are a number of bills which have not yet been cleared for floor action, but which have been mentioned by individual Senators. Again, I do not mean the list to be all-inclusive, but there are to be considered Calendar No. 2297, H. R. 8898, to amend the Civil Aeronautics Act; Calendar No. 2000, Senate bill 1555, the Colorado River bill; Calendar No. 1315, Senate bill 2910, a bill providing for the creation of certain United States judgeships; Calendar No. 1794, Senate bill 880, dealing with the District of Columbia taxi situation; Calendar No. 1830, H. R. 3300, dealing with the control of the lake level of Lake Michigan; Calendar No. 2357, House Joint Resolution 565, dealing with the Pan American Institute of Geography and History; Calendar No. 2499, H. R. 9756, relative to the borrowing power of the Commodity Credit Corporation; and Calendar No. 2030, H. R. 6573, the Reserve officers bill.

That list merely delineates some of the problems faced by the policy committee. Again I say that is not the entire list of bills about which either the majority leader, the minority leader, or Members on both sides of the aisle have been importuned with regard to enactment. There is, I am sure all Senators will agree, a limit to what can be done in the period of time remaining.

Mr. ELLENDER. I presume the majority leader would recommend that this bill, H. R. 9859, be taken up this session?

Mr. KNOWLAND. Yes; I believe the public works bill is entitled to high priority consideration.

Mr. ELLENDER. I thank the Senator from California.

IRAN AND OIL IMPORTS—NEED FOR A PROPER BALANCE BETWEEN IMPORTS AND DOMESTIC PRODUCTION

Mr. DANIEL. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Texas.

Mr. DANIEL. Mr. President, Americans rejoiced a few days ago to learn that the bitter British-Iranian oil dispute had been settled and that this valuable natural resource will be available to the Western World rather than to Soviet Russia.

The community of free nations stands to gain from this settlement. The western nations will have access to the oil, and revival of the industry will add greatly to the stability of the whole Middle East.

All of this will be true, Mr. President, only if Iranian and other Middle East oil producers use discretion, judgment, and statesmanship in determining the amount of oil which they will export to western oil-producing nations.

Even now oil imports to the United States are too high. They have reached

the point of supplanting rather than supplementing domestic production.

A better balance between the two must be established if we are to prevent great losses and eventual destruction of our domestic petroleum industry.

Let me make it clear, Mr. President—I realize that we must keep Middle East oil from going to Russia. We must receive some imports to supplement domestic production. However, it is equally important that we preserve and protect our domestic oil industry. It will serve no useful end for America to save the economy and oil industry of the Middle East if it is done in a manner that would destroy the economy and national defense potentialities of the United States.

Other Middle East countries must reduce their total output of oil proportionately so as to absorb the Iranian production when it is resumed. The total imports from the Middle East must be kept within present figures, or reduced, if we are to prevent destruction of the domestic oil-producing industry.

DANGERS OF EXCESSIVE IMPORTS

Mr. President, we have reduced domestic production to the breaking point. In Texas our conservation commission—the Texas Railroad Commission—has found it necessary to cut production of Texas wells to 15 days per month. This situation is not confined to Texas. While we have made the largest reductions in output, other States and producers have been similarly affected.

Excessive imports constitute a threat to the economic health and security of the entire Nation. Accessible oil at home is vital to our defense. Foreign supplies are not reliable if war should come.

Some have argued that we should use the Middle East oil now and save our own for the future. That would be excellent if we knew where all the oil in this country is located and if our domestic industry and its millions of employees could go without their livelihood for several years on end. Neither of these conditions is possible. All of the oil in this country has not been discovered. The search for new reserves must continue, and it can and will continue only if there is a healthy and profitable industry. The search for new oilfields is being retarded even now by necessary reduction of production.

INDEPENDENTS SUFFER MOST

A man will not risk a million dollars wildcatting for new oilfields if he cannot expect to produce at a rate necessary to return the cost of his investment. Giant corporations may be able to wait but not the independent producers, who are the lifeblood of a healthy oil industry.

Five major American oil companies will share in the new eight-company monopoly established by the settlement with Iran. These companies have other holdings in the Middle East. They can survive the blight of excessive imports, but not so with the independent producers whose income is confined to domestic production. Their problem was recently explained in an editorial in the August 6, 1954, edition of the Abilene Reporter-News, of Abilene, Tex. I ask unanimous consent that the editorial be inserted at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OIL IMPORT PROBLEM

The bothersome and dangerous Iranian oil situation was near to settlement Thursday as representatives of 8 big western oil companies and the Iranian Government announced an agreement to start up that country's paralyzed oil industry within 2 months, after the long shutdown resulting from the dispute between British oil interests and the Iranian Government.

The great Abadan refinery and the surrounding oilfields will be operated by a consortium of the eight companies. The contract runs for 25 years, with the privilege of 3 5-year renewals.

Four of the eight operating companies are American—Standard of New Jersey, Standard of California, the Texas Company, and Socony Vacuum.

While this is good news to the Western World because it removes the threat of Communist conquest of Iran and its great oil riches, it carries implications of trouble for our own oil producers. It means Iranian oil will once more flow into world commerce, and as it finds markets here and there it will tend to flood the United States with oil imports, particularly from South America.

Heavy imports to this country have already pinched our independent producers, forcing cutbacks of production, particularly in Texas. The blow falls heaviest on the independents because the majors are both producers and importers.

Although the independents have steered away from handling the problem by higher tariffs, in the interest of world trade as a definite part of building dikes against communism, the Independent Petroleum Association of America, headquarters in Tulsa, recently proposed a reciprocal trade policy for United States oil imports.

Basically, this plan would apply to each country exporting oil to the United States a volume of oil related to the amount of United States goods it imports. Since this preserves the very spirit of reciprocal-trade agreements, it offers a persuasive and sensible solution to a problem that, unless remedied, may work untold financial injury and perhaps ruin upon the independent oil producers of Texas and other States.

Mr. DANIEL. Due credit should be given to the American oil companies operating in the Middle East for the extent to which they have reduced imports by practicing industrial statesmanship. I referred to this in a speech in the Senate on June 24—CONGRESSIONAL RECORD, pages 8852 to 8854. However, they must do more. Only additional voluntary reductions by importers of foreign oil will solve this problem without legislation. I hope that we can avoid legislation, but, as stated in the speech referred to, I shall advocate action by the Congress if this problem is not solved by the industry itself.

Gen. Ernest O. Thompson, chairman of the Texas Railroad Commission, is recognized as one of the world's leading authorities, if not the leading authority, on oil conservation and production. On August 4, 1954, General Thompson released a statement concerning the Iranian oil settlement and the danger of increased imports. I ask unanimous consent that General Thompson's statement be inserted at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY GEN. ERNEST O. THOMPSON, CHAIRMAN, TEXAS RAILROAD COMMISSION

We are glad Iran has been saved for service with the free world and not lost to Russian domination. Iran was in a critical position.

It is to be hoped that as Iran oil production is resumed that those other oil-producing countries around the Persian Gulf will reduce their output proportionally so as to avoid further flooding of the world markets with oil and causing wasteful storage.

In 1950, when Iran closed down production of 650,000 barrels daily, these neighboring Persian Gulf countries upped their production. Kuwait was producing 350,000 barrels daily in 1950, now produces 930,000 barrels daily. Iraq was producing 136,000 barrels daily in 1950, now 600,000 barrels daily. Saudi Arabia has increased to 955,000 barrels daily now, which is 60 percent greater than in 1950.

It would seem only fair that as Iranian oil moves back into the picture those companies operating around the Persian Gulf should reduce in the proportion that they moved into the void in 1950 and later years.

These wells in the Persian Gulf area average 6,000 barrels of oil each per day.

They are no deeper on the average than Texas oil wells.

Texas oil wells average 19 barrels per well per day.

Imported oil and products are supplanting our domestic oil here and abroad. Our oil imports increase constantly, while our oil exports dwindle.

Due to oversupply, Texas oil wells are allowed to operate only 15 days this month of August 1954.

There are 150,000 producing oil wells in Texas today.

It would not seem fair to our own people to permit more oil imports.

Mr. DANIEL. On the day before the above statement was issued, General Thompson wrote me a letter replying to certain questions posed on behalf of myself and my colleague from Texas [Mr. JOHNSON] concerning the crude-oil import situation. I ask unanimous consent that General Thompson's letter and three enclosures be inserted at this point in the RECORD.

There being no objection, the letter and enclosures were ordered to be printed in the RECORD, as follows:

RAILROAD COMMISSION OF TEXAS,
Austin, August 3, 1954.

Senator PRICE DANIEL,
United States Senator from Texas,
Senate Office Building, Washington, D. C.

DEAR PRICE: In reply to your questions about the crude oil import situation, I am happy to give such answer as I can.

Attached hereto is a page from the Oil Daily of July 30, which shows oil imports for the past year (exhibit A). You will notice that the total per day for the week ending July 23 was 1,157,300 barrels of oil coming into this country. A year ago it was 939,000 barrels. You can see that for the past year it has been running around 1 million or more barrels per day.

Also on the same page you will note that total oil exports for the first 5 months of 1954 are down 19 percent from the same period in 1953 (exhibit B).

Texas has 150,000 oil wells producing at this time. In the month of July, Texas reduced her production 190,000 barrels per day; and on August 1, Texas had to reduce

an addition 120,000 barrels per day, which makes a total cut of 310,000 barrels in Texas daily production in the last 2 months. This is really very, very hard on the independent producers.

The reason we had to reduce our production was because too much oil was in storage and too much products are on hand.

I am attaching the latest storage figures to this letter so you can see the condition of stocks on hand above ground (exhibit C). Excessive stocks above ground are wasteful, and it is our duty to limit production to the market demand; namely, the amount that can be sold.

I am of the firm conviction that imported crude and products of petroleum have now reached the point where they are supplanting domestic crude rather than supplementing our supply. I think this is an understatement, in view of the fact that Texas oil wells are being permitted under order to produce only 15 days during the month of August, and required to be shut down 16 days.

It seems obvious that when the greatest oil-producing State in our Nation is compelled to shut down more than one-half the time during the midst of the big gasoline-consuming season, certainly imports are supplanting domestic production to the detriment of our State's economy and vitally adversely affecting the revenues of our State.

You know, 56 percent of our Texas State government revenues come from oil.

This sort of situation must not be allowed to continue, because it will mean the discouragement of drilling in this country and will endanger our supply of oil for defense of our country. We cannot depend upon foreign oil for national security, because, come war, foreign oil would be denied us through sinking of tankers.

It is all right to have a reasonable amount of imports of crude into our country, but it should not be at a point that adversely affects our peacetime economy or our national security.

Sincerely yours,

ERNEST O. THOMPSON.

EXHIBIT A.—*Crude and product imports*

[Figures are in barrels per day]

	East of California						California crude oil	United States total imports
	Crude oil	Residual fuel oil	Distillate fuel oil	Asphalt	Others	Total		
1954								
Week ended—								
July 23	681,600	314,300	25,800	15,300	39,400	1,076,400	80,900	1,157,300
July 16	565,700	261,200	13,900	25,000	5,300	871,100	107,700	978,800
July 9	637,500	327,600	9,700	12,300	9,900	997,000	62,700	1,059,700
July 2	630,200	230,400	25,900	12,900		899,400	48,700	948,100
June 25	539,100	350,600	18,800		25,000	933,500		933,500
June 18	624,200	253,200	31,600	25,100	9,500	943,600	30,400	974,000
June 11	450,500	267,200	24,400		25,500	767,600	31,600	799,200
June 5	675,900	369,000	12,400	15,400	19,000	1,091,700	53,600	1,145,300
May 29	771,000	250,400	5,000		18,700	1,045,100	111,400	1,156,500
May 22	708,800	336,700	16,800	4,000	12,600	1,078,900	23,200	1,102,100
May 15	510,200	219,600	15,700	21,100	22,200	788,800	40,900	829,700
May 8	654,300	327,900	17,500		15,700	1,015,400	55,000	1,070,400
May 1	494,300	262,400	5,000	7,400	9,500	778,600		778,600
Apr. 24	661,200	285,300	15,400	15,800	25,200	1,002,900	19,100	1,022,000
Apr. 17	336,100	344,400	36,800	1,200	9,800	728,300	16,600	744,900
Apr. 10	591,200	337,900	5,000		24,500	958,600	92,000	1,050,600
Apr. 3	483,800	282,800	5,000	7,300	19,000	797,900	28,900	826,800
Mar. 27	655,100	357,700	5,000		43,000	1,060,800		1,060,800
Mar. 20	676,600	436,200	5,000	12,700	9,800	1,140,300	71,900	1,212,200
Mar. 13	512,700	289,100	27,000	4,300	28,200	861,300	61,700	923,000
Mar. 6	551,200	520,000	10,000	11,000	15,600	1,107,800	5,700	1,113,500
Feb. 27	596,500	432,000	20,100	9,900	25,300	1,083,800	30,300	1,114,100
Feb. 20	641,100	528,300	10,000	7,300	18,700	1,205,400	83,300	1,288,700
Feb. 13	501,800	398,300	5,000		41,500	946,600	135,700	1,082,300
Feb. 6	501,700	536,300	5,000	9,800	400	1,053,200	84,700	1,137,900
Jan. 30	768,400	462,300	5,000		17,500	1,253,200		1,253,200
Jan. 23	472,100	529,900	5,000	9,800	47,700	1,064,500	24,000	1,088,500
Jan. 16	682,400	436,900	24,000		5,200	1,148,500	24,000	1,172,500
Jan. 9	493,100	353,700	5,000	7,400	8,800	868,000	114,300	982,300
Jan. 2	598,800	452,200	7,500	6,400	400	1,065,300	39,100	1,104,400
1953								
Week ended—								
Dec. 26	340,400	457,000	17,700	10,600	25,600	851,300	116,600	967,900
Dec. 19	688,900	366,700	10,800		19,200	1,085,600		1,085,600
Dec. 12	529,600	520,200	8,400	9,700	9,000	1,076,900	19,100	1,096,000
Dec. 5	486,300	321,300	5,000	7,900	25,900	846,400	67,100	913,500
Nov. 28	580,500	532,900	5,000		18,700	1,137,100	29,600	1,166,700
Nov. 21	468,500	315,900	7,400	17,200		809,000	86,700	895,700
Nov. 14	631,600	484,600	5,000		25,400	1,146,600	143,000	1,289,600
Nov. 7	496,600	344,300	5,000	7,300	8,800	862,000	74,400	936,400
Oct. 31	606,500	381,600	11,400		9,200	1,008,700	68,200	1,076,900
Oct. 24	530,400	266,500	5,000	3,300	9,000	814,200	37,000	851,200
Oct. 17	599,900	298,800	5,000	4,000	27,100	934,800	48,900	983,700
Oct. 10	650,400	209,700	5,000	18,000		883,100	137,100	1,020,200
Oct. 3	720,100	369,900	17,200	3,400	24,400	1,135,000	126,600	1,261,600
Sept. 26	489,800	293,600	11,400		8,900	803,700	59,300	863,000
Sept. 19	619,700	347,500	5,000	23,000	14,000	1,009,200	79,000	1,088,200
Sept. 12	487,600	342,700	5,000			835,300	110,600	945,900
Sept. 5	616,900	240,400	5,000	7,100		869,400	151,600	1,021,000
Aug. 29	733,300	229,700	11,400	17,900	14,300	1,006,600	55,400	1,062,000
Aug. 22	440,200	206,800	21,700	10,700	10,300	689,700	137,000	826,700
Aug. 15	570,600	246,600	5,000	14,200	9,900	846,300	60,300	908,600
Aug. 8	557,400	202,700	5,000			765,100	115,100	880,200
Aug. 1	547,600	270,800	5,000	14,600		838,000	91,900	929,900
July 25	555,500	318,400	12,000		10,400	596,300	42,700	939,000

EXHIBIT B

[From the Oil Daily of July 30, 1954]

TOTAL OIL EXPORTS FOR 5 MONTHS DOWN 19.2 PERCENT FROM 1953

Exports of crude and refined oil for the January–May period of 1954 held 19.2 percent below the like 5-month period a year ago.

Exports for May 1954 alone held 3.2 percent below May 1953, according to the latest report of the Bureau of Mines.

Total exports in the 5-month period amounted to 52,893,000 barrels, off 12,601,000 from 65,494,000 a year earlier. For May, total exports at 11,577,000 barrels dipped 376,000 from 11,953,000 for May a year ago.

Crude oil exported in the January–May period totaled 5,932,000 barrels, off 44.3 percent from 10,837,000 in the like year earlier period. For the latest reported month, crude exports totaled 1,258,000 barrels, off 21.9 percent from 1,611,000 for May 1953.

Refined petroleum exported from the United States in the first 5 months of 1954 at 46,691,000 barrels dipped 14.1 percent from 54,657,000 exported in the like 1953 period. May refined product exports totaled 10,319,000 barrels, off 0.2 percent from 10,342,000 exported in May 1953.

EXHIBIT C.—*Latest petroleum stock figures*

[In barrels]

[Products, July 23; crude, July 24; with changes from year earlier]

Crude oil	279,885,000	−225,000	(−0.1%)
Gasoline	158,844,000	+17,136,000	(+12.1%)
Distillate	98,412,000	+582,000	(+0.6%)
Kerosene	31,069,000	+1,196,000	(+4.0%)
Residual	53,585,000	+4,699,000	(+9.6%)
Total	621,795,000	+23,388,000	(+3.9%)

Mr. DANIEL. I shall take the liberty of sending these letters and exhibits to the President of the United States along with my remarks. I hope that President Eisenhower and the appropriate agencies of his administration will study this problem in order that recommendations may be made to Congress in January.

It seems to me that this is an appropriate subject for study by the President's newly appointed Cabinet Committee on Energy Supplies and Resources.

I know that President Eisenhower is conscious of the need to preserve and protect our domestic industry while we are helping to promote the welfare of other nations. On May 28, 1953, the President approved a statement by Secretary of the Interior Douglas McKay to the National Petroleum Council, a part of which reads as follows:

I am hopeful that those companies importing crude oil or products will show industrial statesmanship in this important matter and that each company, acting individually and wholly on its own individual judgment, will exercise that restraint in respect of imports necessary to the health and security of the Nation.

I have discussed this matter with President Eisenhower and the National Security Council. I can say to you that President Eisenhower concurs in these views.

Later, in his state of the Union message, January 4, 1954, President Eisenhower said that recommendations would be made, from time to time, in various fields. He said one of these would lead to the adoption of a sound program for safeguarding the domestic production of critical and strategic metals and minerals. It is my hope that the President will include the oil-import problem in his recommendations to the Congress next year.

I thank the Senator.

ADDITIONAL BILL INTRODUCED

Mr. KNOWLAND, by unanimous consent, introduced a bill (S. 3868) authorizing the payment of salary to any individual given a recess appointment as Comptroller General of the United States before the beginning of the 84th Congress, which was read twice by its title, and ordered to lie on the table.

EXTENSION OF RENEGOTIATION ACT OF 1951—AMENDMENT

Mr. MARTIN submitted an amendment intended to be proposed by him to

the bill (H. R. 6287) to extend and amend the Renegotiation Act of 1951, which was ordered to lie on the table and to be printed.

SOCIAL SECURITY ACT OF 1954—AMENDMENTS

Mr. HUMPHREY submitted amendments intended to be proposed by him to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, which were ordered to lie on the table and to be printed.

INCREASE OF BORROWING POWER OF COMMODITY CREDIT CORPORATION—AMENDMENT

Mr. HOLLAND submitted an amendment intended to be proposed by him to the bill (H. R. 9756) to increase the borrowing power of Commodity Credit Corporation, which was ordered to lie on the table and to be printed.

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. CARLSON, from the Committee on Post Office and Civil Service:

One hundred and two postmasters.

RECESS TO 10 O'CLOCK A. M. TOMORROW

Mr. KNOWLAND. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 11 o'clock and 17 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Saturday, August 14, 1954, at 10 o'clock a. m.

SENATE

SATURDAY, AUGUST 14, 1954

(Legislative day of Thursday, August 5, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Rev. F. Norman Van Brunt, associate pastor, Foundry Methodist Church, Washington, D. C., offered the following prayer:

Be to us, O God, the guiding light of this day that, with wisdom and insight, we may be able to competently match its responsibilities. May our faith look up to Thee, our hearts put their trust in Thee, and our souls be flooded with the power of Thy presence.

Give unto us, we beseech Thee, the motive of the day: a complete willingness to serve Thee as we seek the best ends for our fellow men. Let us be radiant diffusers of confidence by every act and service we perform that, in these days of insecurity, men may see our faith in Him who does not change. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Friday, August 13, 1954, was dispensed with.

LEAVE OF ABSENCE

Mr. WILEY. Mr. President, I have been designated as one of the representatives of this Government to attend the meetings of the Interparliamentary Union which are to take place in Vienna from the 27th of August to the 2d of September. I have been requested by the Secretary of State to look into several matters which he desires investigated in Europe before the meeting. I ask unanimous consent that after Monday next I may be excused from attendance at the sessions of the Senate for the remainder of the session.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED AWARD OF CONCESSION PERMIT, ISLE ROYALE NATIONAL PARK, MICH.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed award of a concession permit to operate the Windigo Inn at Washington Harbor, Isle Royale National Park, Mich. (with accompanying papers); to the Committee on Interior and Insular Affairs.

LAW ENACTED BY MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, V. I.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a copy of a law enacted by the Municipal Council of St. Thomas and St. John, V. I., to fix the regular expenses for the municipality of St. Thomas and St. John for the fiscal year ending June 30, 1955, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

GRANTING OF APPLICATIONS FOR PERMANENT RESIDENCE FILED BY CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting the applications for permanent residence filed by certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for granting such applications (with accompanying papers); to the Committee on the Judiciary.

ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

FINANCIAL REPORT OF MILITARY CHAPLAINS ASSOCIATION

A letter from the secretary-treasurer, the Military Chaplains Association of the United States of America, Washington, D. C., transmitting, pursuant to law, the financial report of that association for the period January 1, 1953, to December 31, 1953 (with an accompanying report); to the Committee on the Judiciary.

AUDIT REPORT ON ALASKA ROAD COMMISSION, DEPARTMENT OF THE INTERIOR

A letter from the Acting Comptroller General, transmitting, pursuant to law, an audit report on the Alaska Road Commission, Department of the Interior, for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON PUERTO RICO RECONSTRUCTION ADMINISTRATION, DEPARTMENT OF INTERIOR

A letter from the Acting Comptroller General, transmitting, pursuant to law, an audit report on the Puerto Rico Reconstruction Administration, Department of the Interior, for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

REPORT OF SELECT COMMITTEE ON SMALL BUSINESS ENTITLED "PARTICIPATION OF SMALL BUSINESS IN MILITARY PROCUREMENT" (S. REPT. NO. 2487)

Mr. FERGUSON. Mr. President, from the Select Committee on Small Business, I submit a report entitled "Participation of Small Business in Military Procurement," and ask that it be printed, with illustrations.

The PRESIDENT pro tempore. The report will be received, and without objection, will be printed as requested by the Senator from Michigan.

Mr. FERGUSON. Mr. President, as chairman of the Military Procurement Subcommittee of the Senate Select Committee on Small Business, I have submitted a report entitled "Participation of Small Business in Military Procurement" of the activities of the subcommittee, and ask that it be printed with illustrations.

The report outlines the activities of the subcommittee, and is based on a series of open hearings conducted during April and May of this year. I believe it is a constructive report, which will be helpful to small-business men and to Federal agencies in the development of an effective small-business program.

Mr. President, I ask unanimous consent that a committee release summarizing the report be printed in the RECORD, at the end of my remarks.